

Industry-specific

QAD SOLUTIONS

Manufacturing Applications

MFG/PRO eB2 User Guide Volume 2B Distribution

Customer Consignment Inventory
Supplier Consignment Inventory



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MFG/PRO eB2
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About This Guide

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This guide covers the features of two modules used to manage consignment inventory for customers and suppliers.

Other MFG/PRO Documentation

- For an overview of new features and software updates, see the *Release Bulletin*.
- For software installation instructions, refer to the appropriate installation guide for your system.
- For conversion information, refer to the *Conversion Guide*.
- For instructions on navigating and using the QAD Desktop interface, see *User Guide: QAD Desktop*.
- For instructions on navigating the MFG/PRO Windows and character environments, refer to *User Guide Volume 1: Introduction*.
- For information on using MFG/PRO, refer to the *User Guides*.
- For technical details, refer to *Entity Diagrams* and *Database Definitions*.
- For information on using features that let MFG/PRO work with external applications, see the *External Interface Guides*. Each book in this set describes a separate interface such as the Warehousing application program interface (API) and Q/LinQ, the tool set for building and using data exchange tools.
- To view documents online in PDF format, see the *Documents on CD* and *Supplemental Documents on CD*. The CD-ROM media includes complete instructions for loading the documents on a Windows network server and making them accessible to client computers.

Note MFG/PRO installation guides are not included on a CD. Printed copies are packaged with your software. Electronic copies of the latest versions are available on the QAD Web site.

Online Help

MFG/PRO has an extensive online help system. Help is available for most fields found on a screen. Procedure help is available for most programs that update the database. Most inquiries, reports, and browses do not have procedure help.

For information on using the help system in the different MFG/PRO environments, refer to *User Guide Volume 1: Introduction* and *User Guide: QAD Desktop*.

QAD Web Site

QAD's Web site provides a wide variety of information about the company and its products. You can access the Web site at:

<http://www.qad.com>

For MFG/PRO users with a QAD Web account, product documentation is available for viewing or downloading at:

<http://support.qad.com/documentation/>

You can register for a QAD Web account by accessing the Web site and clicking the Accounts link at the top of the screen. Your customer ID number is required. Access to certain areas is dependent on the type of agreement you have with QAD.

Most user documentation is available in two formats:

- Portable document format (PDF). PDF files can be downloaded from the QAD Web site to your computer. You can view them with the free Adobe Acrobat Reader. A link for downloading this program is also available on the QAD Web site.
- HTML. You can view user documentation through your Web browser. The documents include search tools for easily locating topics of interest.

Features also include an online solution database to help MFG/PRO users answer questions about setting up and using the product. Additionally, the QAD Web site has information about training classes and other services that can help you learn about MFG/PRO.

Conventions

MFG/PRO is available in several interfaces: Desktop (Web browser), Windows, and character. To standardize presentation, the documentation uses the following conventions:

- MFG/PRO screen captures show the Desktop interface.
- References to keyboard commands are generic. For example, choose Go refers to:
 - The forward arrow in Desktop
 - F2 in the Windows interface
 - F1 in the character interface

In the character and Windows interfaces, the Progress status line at the bottom of a program window lists the main UI-specific keyboard commands used in that program. In Desktop, alternate commands are listed in the right-click context menu.

For complete keyboard command summaries for each MFG/PRO interface, refer to the appropriate chapters of *User Guide Volume 1: Introduction* and *User Guide: QAD Desktop*.

This document uses the text or typographic conventions listed in the following table.

If you see:	It means:
monospaced text	A command or file name.
<i>italicized monospaced text</i>	A variable name for a value you enter as part of an operating system command; for example, <i>YourCDROMDir</i> .
indented command line	A long command that you enter as one line, although it appears in the text as two lines.
Note	Alerts the reader to exceptions or special conditions.
Important	Alerts the reader to critical information.
Warning	Used in situations where you can overwrite or corrupt data, unless you follow the instructions.



Chapter 1

Customer Consignment Inventory

The Customer Consignment Inventory module lets you plan, order, ship, track, and report customer-consigned inventory using an automated system that reconciles inventories between suppliers and customers. Invoicing and AR transactions are deferred until the inventory is used by the customer.

This chapter describes how to set up and manage consigned inventory. It also gives an overview of the reporting tools available for reviewing and tracking consignment activity.

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Overview of Customer Consignment Inventory

The Customer Consignment Inventory module lets you plan, order, ship, track, and report customer-consigned inventory. The module extends the sales order process by providing transactions to ship inventory and identify it as in-transit or consigned. These transactions also delay the standard accounts receivable (AR) booking process until inventory is consumed. When the customer notifies the supplier of usage, standard invoice transactions occur.

Customer Consignment Inventory lets suppliers continue to track inventory, even after it has been shipped and while it resides at the customer facility. This method requires the customer to notify the supplier that inventory has been used, which completes the transfer of ownership.

Using consigned inventory eliminates the need for the supplier to buy back the excess sent to the customer or remaining at the end of the consignment period. Because the supplier still owns the inventory, any excess is simply returned.

Using key features of Customer Consignment Inventory, you can:

- Create consigned inventory, inventory offset, and in-transit accounts at the system level, for product lines, or for combinations of sites and product lines.
- Retain ownership of consigned inventory by deferring invoice and AR transactions until the inventory is used by the customer.
- Track consigned inventory automatically by defining inventory locations for items that are in-transit and items received by a customer.
- Maintain visibility of consigned inventory from shipment through consumption even while it is in-transit or at a customer facility.
- Set up consignment defaults at the system level for the majority of your sales orders and scheduled orders and tailor defaults for individual ship-to addresses and items.
- Separate shipping and billing functions to accurately determine inventory value.

- Create and ship sales orders that include both non-consigned and consigned items.
- Automatically replenish inventory as it is used by adding a new line to the current release of a scheduled order.
- Manually adjust inventory transfers if needed.
- Include or exclude consigned items during physical inventory or cycle count.
- Import EDI transmissions to generate consumption records automatically, or manually create records as needed.
- Easily reverse transactions when you have excess, rejected, or returned inventory.
- Improve accuracy of consigned inventory information including its location, status, age, and order details.
- Generate reports and inquiries that sort and display details according to your needs:
 - Identify unconsumed inventory that exceeds its maximum aging date.
 - Compare inventory shipped with inventory consumed.
 - Compare inventory shipped and consumed with inventory paid for.

Customer Consignment Programs

Table 1.1 lists programs included in Customer Consignment Inventory.

Menu Number	Description	Program Name
7.18	Customer Consignment Inventory ...	
7.18.1	Ship-To/Item Controls Maintenance	socnstmt.p
7.18.2	Ship-To/Item Controls Report	socnstrp.p
7.18.4	Consignment Reports Menu ...	
7.18.4.1	Consignment Inventory Report	ppptrp10.p
7.18.4.2	Consignment Inventory by Location	iclorp02.p
7.18.4.3	Consignment Inventory by Order	socnrp01.p
7.18.4.4	Consignment by Order with Sequence	socnrp06.p
7.18.4.7	Aging Inventory Report by Order	socnairp.p

Table 1.1
Customer
Consignment
Inventory Programs

Menu Number	Description	Program Name
7.18.4.8	Aging Inventory Report by Part	socnair1.p
7.18.4.9	Aging Inventory by Order with Sequence	socnrp07.p
7.18.4.13	Inventory Usage Report	socnrp04.p
7.18.4.14	Authorization Usage Report	socnrp09.p
7.18.4.15	Sequenced Usage Report	socnrp08.p
7.18.4.16	Usage Report by Order	socnrp02.p
7.18.4.17	Usage Report by Order with Sequence	socnrp10.p
7.18.7	Consignment Inventory Transfer	socnxfer.p
7.18.10	Aging Inventory Update	socnaimt.p
7.18.11	Aging Inventory Batch Update	socnaiup.p
7.18.13	Inventory Usage Create	socnuac.p
7.18.14	Authorization Usage Create	socnuac3.p
7.18.15	Sequenced Usage Create	socnuac5.p
7.18.16	Usage Inquiry	socnuiq.p
7.18.17	Authorization Usage Inquiry	socnuaiq2.p
7.18.18	Sequenced Usage Inquiry	socnusi.p
7.18.21	Consignment Inventory Adjustment	socnadj.p
7.18.22	Usage Create Undo	socnundo.p
7.18.24	Customer Consignment Control	socncpm.p

Customer Consignment Inventory Business Work Flow

Figure 1.1 shows the complete consignment inventory work flow beginning with the contract and ending with accounts receivable.

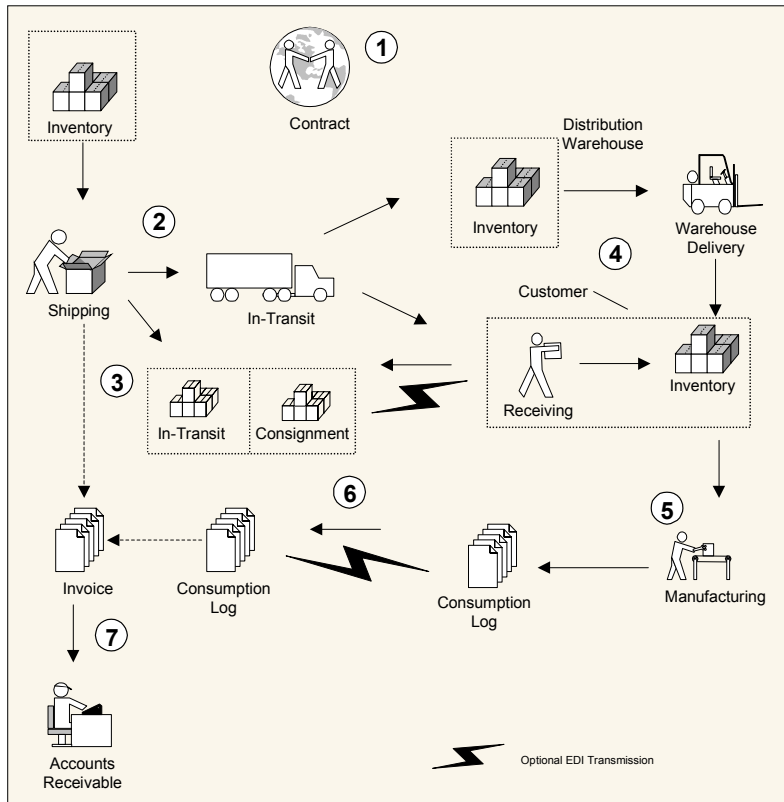


Fig. 1.1
Consignment
Inventory Business
Flow

Creating a Sales Order

A contract is created between a supplier and a customer that dictates the items to be sold on consignment (step 1 in Figure 1.1). The contract is either a discrete sales order or a scheduled sales order. It includes clauses on deferring liability. The contract may also include a maximum number

of aging days that a customer is permitted to hold items without liability of payment. This ensures that inventory will be consumed in a timely manner.

Allocating and Shipping Inventory

Inventory is allocated to the sales order by either general or detail allocations. This is standard MFG/PRO processing. Inventory is packed and shipped to the customer according to the requirement dates, times, and quantities. Traditional shipping documents are generated and advance ship notice (ASN) information is transferred to the customer as required (step 2 in Figure 1.1).

The consigned inventory is not yet available to be invoiced and must still be tracked until the customer has consumed it. Physically, the shipped inventory has left the manufacturing facility. The inventory is still tracked as either being in-transit or residing at a customer's consignment location (step 3 in Figure 1.1).

Tracking the Inventory

The shipped inventory arrives at its destination, either the customer's receiving dock or a distribution warehouse in close proximity to the customer (step 4 in Figure 1.1). When the customer receives the inventory and notifies the supplier of its receipt, the inventory is then transferred from in-transit to consignment. Likewise, when an external warehouse sends inventory to the customer, it sends the supplier the information to move the inventory from its in-transit location to its consignment location.

Consuming the Inventory

The consigned inventory is eventually issued from stock, backflushed, or otherwise consumed by the customer (step 5 in Figure 1.1). This consumption activity triggers the transfer of ownership and must be logged for the customer to relay the information to the supplier.

Invoicing the Inventory

The customer relates the consumption activity to the supplier, which makes the consumed inventory available to be invoiced (step 6 in Figure 1.1).

Once the invoice is generated, standard invoice printing and posting are performed using accounts receivable (AR) functions (step 7 in Figure 1.1). Either the invoice is sent to the customer or payments are received for consumed inventory using the optional PRO/PLUS self-billing functions.

▶ See *User Guide Volume 11: PRO/PLUS* for details on self-billing.

Inventory records are automatically updated and can be used to verify transactions in a variety of ways to define inventory balances and locations.

Using Customer Consignment Inventory with EMT

Enterprise Material Transfer (EMT) lets you translate sales orders into purchase orders automatically and transmit those purchase orders to secondary business units (SBU) electronically using EDI ECommerce. You can use EMT with the Customer Consignment Inventory module regardless of whether items are shipped directly by the SBU or received at your site for shipment.

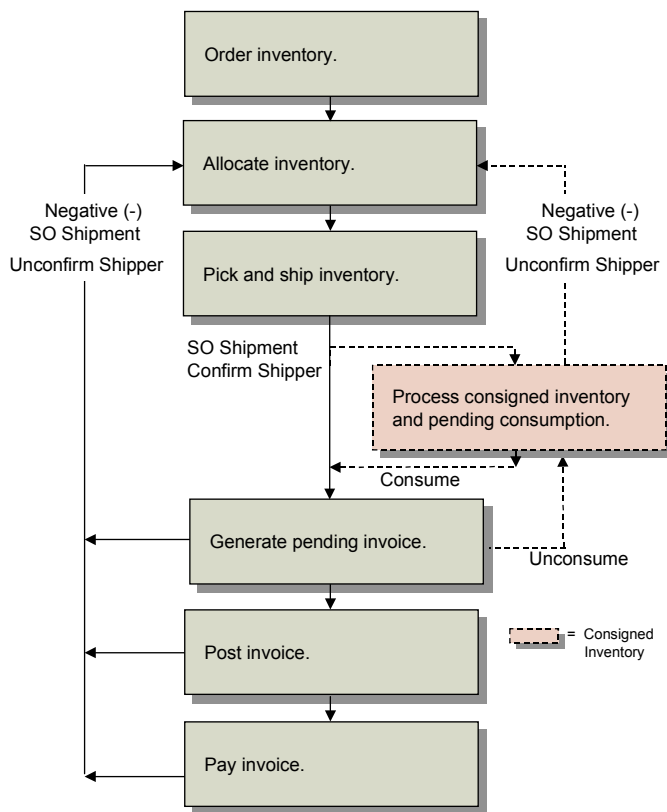
▶ See *User Guide Volume 2A: Distribution* for information on EMT.

All of the invoicing is managed by the site creating the original sales order—known in EMT as the primary business unit (PBU). When the PBU imports an advance ship notice from the SBU or receives the actual items into inventory, the items are transferred to the consignment or in-transit location rather than being issued out of inventory. The actual sales order issue occurs when the customer receiving the items notifies the PBU of usage, just like other consigned shipments.

Consignment Process Summary

Figure 1.2 shows the sequence in which the Customer Consignment Inventory module processes data within MFG/PRO.

Fig. 1.2
Consignment
Overview



Planning and Setup

Before using the Customer Consignment Inventory module, you must set up different kinds of data:

- Base data standard to MFG/PRO such as items, addresses, and GL accounts. These activities are not discussed in this chapter.
- Base data specific to the Customer Consignment Inventory module.
- Control settings that determine defaults and processing options.

Figure 1.3 illustrates the typical work flow for setting up Customer Consignment Inventory.

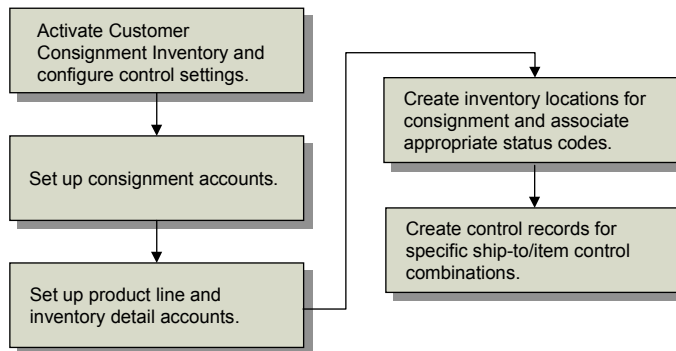


Fig. 1.3
Customer
Consignment
Setup Flow

Activate Customer Consignment and Configure Control Settings

Use Customer Consignment Control (7.18.24) to activate the Customer Consignment Inventory module. All values default to Ship-To/Item Controls Maintenance (7.18.1), where you can modify them for specific combinations of ship-to addresses and items.

The screenshot shows the 'Customer Consignment Control' window. It contains the following settings:

- Using Consignment Inventory: ☒
- Consignment Orders: ☒
- Consignment Location: 1000C
- In-Transit Location:
- Maximum Aging Days: 45
- Automatic Replenishment: ☐

Navigation buttons (back, forward, search, etc.) are visible at the bottom right.

Fig. 1.4
Customer
Consignment
Control (7.18.24)

Using Consignment Inventory. Use this field to activate the Customer Consignment Inventory module. The default is No.

No: Standard sales order programs display. The system bypasses all consignment screens.

Yes: The Customer Consignment Inventory module is active. You can use Customer Consignment Inventory programs.

Once you have activated the module, created consigned items, or performed transactions, entering No to deactivate the module displays a warning message. Unless all consigned items are consumed, the system warns you that non-invoiced consigned items exist and prompts you to confirm your action.

Consignment Orders. Specify the default value for the Consignment Orders field in the header of new sales and scheduled orders:

No: Enter No if the majority of shipments are standard sales orders.

Yes: The Consignment Orders field on the header of all new sales orders and scheduled orders is Yes. This, in turn, sets the Consignment field on the order line to Yes by default.

In either case, you can combine lines for both consigned and non-consigned inventory on one order.

The value defined here is used on new orders only if the system does not find a more specific match in Ship-To/Item Controls Maintenance.

Consignment Location. Enter the location representing consigned inventory that resides at a customer facility.

In-Transit Location. Optionally enter the location that represents consigned inventory that is in-transit between you and your customer.

When you enter a value for a consigned location but not for an in-transit location, inventory ready for shipping is transferred from the inventory location directly to the location representing the customer facility.

When you enter an in-transit value, inventory is transferred from the inventory stocking location to the in-transit location. Enter only valid locations set up in Location Maintenance (1.1.18).

Important Assign in-transit and consignment locations an inventory status code with Nettable set to No. Otherwise, MRP considers items in these locations as available to net against open requirements. This understates real demand. Do not use locations defined for customer reserved inventory since this may prevent shipping from occurring.

Maximum Aging Days. Enter the maximum number of days consigned inventory is allowed to be in-transit to a customer facility or remain there after shipment.

▶ See “Managing Aged Inventory” on page 40.

The default value is 0 (zero), which indicates there is no scheduled aging deadline.

Automatic Replenishment. Indicate whether a planned replacement line is automatically added to the active required ship schedule based on the last quantity consumed. This option is for scheduled orders only.

Yes: A replenishment order is automatically generated when items are consumed. The replenishment line is added to the next open date on the schedule for a quantity matching the quantity consumed.

No: A replenishment line is not added to the required ship schedule. New schedules are determined by using Required Ship Schedule Update (7.5.3).

Set Up Consignment Accounts

Use three programs to identify accounts used to track customer consignment inventory:

- System/Account Control (36.1)
- Product Line Maintenance (1.2.1)
- Inventory Account Maintenance (1.2.13)

Create accounts first in Account Code Maintenance (25.3.13). Use System/Account Control to set up defaults. Codes entered in System/Account Control default to Product Line Maintenance. Product Line Maintenance accounts default to Inventory Account Maintenance (1.2.13).

Note One of the Consignment Inventory modules must be active to access the Consignment Accounts frame.

▶ See page 13.

Fig. 1.5
System/Account
Control (36.1)

System/Account Control

Service Accounts

Service Labor: 6550
Service Overhead: 6491
Service Expense: 7400
Expense Due: 7410
Service Returns: 5053
Deferred Revenue: 3000
Accrued Revenue: 3000

Consignment Accounts

SO Consigned In-Transit Acct:	9901		
SO Consigned Inventory Acct:	9902		
SO Consigned Offset Acct:	9903		
PO Consigned Inventory Acct:			
PO Consigned Offset Acct:			

Customer Consignment Inventory module fields

SO Consigned In-Transit Acct. Enter the general ledger (GL) account, sub-account, and cost center codes used to track consigned inventory that is in-transit to the customer.

SO Consigned Inventory Acct. Enter the GL account, sub-account, and cost center codes used to track consigned inventory that has been shipped and resides at the customer facility.

SO Consigned Offset Acct. Enter the GL account, sub-account, and cost center codes used to track deferred receivable amounts for consigned shipments.

Tip

If you want to reflect the shipment of consigned inventory in your Inventory account, set the offset account to the Inventory account.

▶ See “Invoicing Consigned Shipments” on page 44.

▶ See “Set Up Consignment Accounts” on page 59.

The SO Consigned Inventory and SO Consigned Offset accounts are updated simultaneously to record consigned activity and do not affect the balance sheet. The Inventory account is not updated until inventory is used by the customer.

The remaining account fields in this frame are used by the Supplier Consignment Inventory module.

Set Up Product Line and Inventory Detail Accounts

Use Product Line Maintenance (1.2.1) to tailor consignment accounts for items that belong to a particular product line. If you do not define specific product line accounts, the system uses the default GL accounts from System/Account Control.

The screenshot shows the 'Product Line Maintenance' window. The top section contains fields for 'Product Line: CPL', 'Description: auto support', 'Taxable: ☐', 'Tax Class:', 'Default Sub-Account:', 'Default Cost Center:', 'Override: ☐', and 'Override: ☐'. The bottom section, titled 'Consignment Accounts', contains a table with five rows and three columns of yellow input fields. The rows are labeled: 'SO Consigned In-Transit Acct: 9901', 'SO Consigned Inventory Acct: 9902', 'SO Consigned Offset Acct: 9903', 'PO Consigned Inventory Acct:', and 'PO Consigned Offset Acct:'. Each row has three empty yellow input fields to its right. Navigation buttons (back and forward) are at the bottom right.

Fig. 1.6
Consignment
Accounts in
Product Line
Maintenance
(1.2.1)

Optionally use Inventory Account Maintenance (1.2.13) to further define GL accounts designated for consignment. By setting up accounts for combinations of product line, site, and location, you can separately track accounts for multiple sites or multiple locations within a site.

Inventory detail accounts default from Product Line Maintenance. Often, these are used to associate cost centers with different sites and locations.

Create Inventory Locations

Use Location Maintenance (1.1.18) to create one or more consignment locations that represent areas at customer facilities. Assign these locations to ship-to addresses or combinations of addresses and items in Ship-To/Item Controls Maintenance (7.18.1). These values in turn default to orders shipped to the specified address.

When orders are shipped, the system transfers inventory to the location representing the customer.

Specify an inventory status code that matches the way consigned inventory is viewed by the system.

Specify Inventory Status Codes

Use Inventory Status Code Maintenance (1.1.1) to create and modify inventory status codes for the locations you plan to use to store consigned inventory. It is recommended that you define a status code with the Available, Nettable, and Overissue fields set to No. When you create a

Tip
If you define locations with the same codes as the corresponding ship-to addresses, the location is easily identifiable.

consigned sales order line and enter a consigned or in-transit location, the system checks the inventory status code. If the status code for the location is available or nettable, a warning displays and the system prompts you to continue.

◆ See *User Guide Volume 6: Master Data* for more information on inventory status codes.

Available. When this is No, inventory is not available for allocation to sales orders. For inventory residing at a location that represents the customer facility, setting available to No prevents the allocation process from selecting that quantity for a different sales order.

Nettable. Setting nettable to No prevents MRP planning logic from including that quantity as inventory on hand.

Overissue. Setting overissue to No prevents the inventory balance from being negative.

Restricted Transactions. Inventory status codes can prevent particular transactions from occurring. For example, you can create restricted transactions for consigned inventory to prevent it from being included in a cycle count or unplanned issues/receipts.

Create Control Records for Specific Ship-To/Item Combinations

Use Ship-To/Item Controls Maintenance (7.18.1) to define specific default values for combinations of ship-to addresses and item numbers. The values entered here override the settings in Customer Consignment Control. When new orders are created for a specific ship-to address, the system looks for the most specific record first to determine the defaults to use.

◆ See “Activate Customer Consignment and Configure Control Settings” on page 13 for details.

With the exception of Ship-To and Item Number, field values in Ship-To/Item Controls Maintenance default from corresponding fields in Customer Consignment Control (7.18.24). Field descriptions in Customer Consignment Control also apply to the fields in this program.

Ship-To/Item Controls Maint

Ship-To: 1000C
Item Number: TT-500C

Consignment Orders: ☒
Consignment Location: 1000C
In-Transit Location:
Maximum Aging Days: 30
Automatic Replenishment: ☐

General Components
multifunction clip

Fig. 1.7
Ship-To/Item
Controls
Maintenance
(7.18.1)

Ship-To. Enter the customer ship-to address that uniquely identifies this control record.

This is a required field. Associated control values apply to this ship-to only.

You must enter a valid address with a list type of customer or ship-to.

Item Number. Optionally enter an item number to use as part of the unique identifier for this control record. This item number represents the consigned item being shipped to the customer.

When you enter an item number, this control record applies to sales order lines for this item only.

Items must be previously defined in Item Master Maintenance (1.4.1).

The default is blank. When left blank, this control record applies to all items for the associated ship-to without a specific control record.

Managing Consigned Inventory

Key management functions of the Customer Consignment Inventory module are to:

- Manage inventory quantities.
- Provide inventory valuation and update accounts.
- Defer AR transactions until consumption.

When you activate the Customer Consignment Inventory module and begin shipping, MFG/PRO automatically tracks consigned inventory ownership, location, quantities, age, use, invoicing, and payment.

It does this by first identifying which sales order lines are consignment lines. The system then treats the shipment of consignment line items as an internal transfer of inventory to a predefined MFG/PRO location.

The inventory within this location references the shipper ID in the sales order line if shippers are used. From here, inventory is visible for usage and aging analysis. Usage signals from the customer draw from the consignment balance in first-in, first-out (FIFO) order.

Creating Inventory Transaction History

Every inventory transaction creates a record in inventory transaction history. Each record has a unique, sequential transaction number and a transaction type. Transactions include the following information:

- Transaction data
- Inventory data
- Cost data
- GL transaction data
- User ID of the person entering the transaction

Customer Consignment Inventory Transaction Types

The transaction type code identifies the function used to initiate the inventory change. Table 1.2 lists the customer consignment transaction type codes included in inventory history records with a brief description of each type and the programs that create the transactions.

Table 1.2
Consignment
Transaction Types

Transaction Type	Menu Number	Program that Creates the Transaction/ Description
CN-ISSTR/CN-RCTTR	7.18.7	Consignment Inventory Transfer Transfers inventory between locations at a site.

Transaction Type	Menu Number	Program that Creates the Transaction/ Description
CN-USE	7.18.10	Aging Inventory Update Instead of extending the aging date of consigned inventory, enter Yes in the Use field to indicate its consumption. Initiates ISS-SO and subsequent invoicing.
	7.18.13	Inventory Usage Create Indicates consumption and initiates ISS-SO and subsequent invoicing.
	7.18.14	Authorization Usage Create Indicates consumption of consigned inventory shipped based on scheduled orders referencing customer authorization. Initiates ISS-SO and subsequent invoicing.
	7.18.15	Sequenced Usage Create Indicates consumption of consigned inventory shipped based on scheduled orders referencing customer sequences. Initiates ISS-SO and subsequent invoicing.
	7.18.22	Usage Create Undo Reverses the movement of inventory out of a consigned location. Reverses GL transactions created at original usage creation.
CN-ADJ	7.18.21	Consignment Inventory Adjustment Adjusts balances of consigned inventory at selected locations. Debits SO Consigned Inventory or SO Consigned In-Transit accounts and credits the SO Consigned Offset account. Negative adjustments credit SO Consigned Inventory and debit SO Consigned Offset accounts.

Transaction Type	Menu Number	Program that Creates the Transaction/ Description
CN-SHIP	7.9.5	Pre-Shipper/Shipper Confirm Ships inventory to a consigned location.
	7.9.15	Sales Order Shipment Ships inventory to a consigned location.
	7.9.21	Shipper Unconfirm Unconfirms an inventory shipment to a consigned location. A negative amount creates a customer credit.
CN-CNT	3.14	Cycle Count Results Entry Makes adjustments to consigned inventory balances.
	3.16.21	Inventory Balance Update Changes consigned inventory balances. Updates tags.

Reviewing Transaction History

Use Transactions Detail Inquiry (3.21.1) to display detailed inventory transaction history records sorted by transaction number. Enter the transaction number to display all the information about that transaction.

Figure 1.8 shows the details about transaction 1930.

Fig. 1.8
Consigned
Inventory
Transactions
Shown in
Transactions Detail
Inquiry (3.21.1)

Transactions Detail Inquiry

Transaction: 1930 Output: terminal

Tran Nbr: 1930 Order: SO10072 402292

Trans Type: CN-SHIP Revision:

Date: 08/08/2002 Item Number: TT-640

Time: 11:31 Description: specialty wire clip

Effective Date: 08/08/2002 Unit of Measure: EA

Remarks: 1929 Address: 1000C

User ID: mat Name: General Components

Program: rcs0is.p Sales/Job: SO10072

Currency: USD Ship Type:

Qty Change: 0.0 Price: 1.00

Shipper Number: A0000015 Inv Mov:

Ship Date: 08/08/2002

Numbers of associated transactions

When consigned inventory is used, multiple inventory transactions are processed and corresponding transaction history records created. For the consigned transaction, the system records the number of the standard transaction initiating it in the Remarks field.

In Figure 1.8, the number 1929 in the Remarks field reflects the standard RCT-TR transaction that initiated the consignment CN-SHIP transaction. For transaction 1929, the Remarks field contains the word Consigned, to indicate the type of inventory involved in the transaction.

Ordering Consigned Inventory

When the Customer Consignment Inventory module is active, additional fields and frames display for user input during order entry in:

- Sales Order Maintenance (7.1.1)
- Scheduled Order Maintenance (7.3.13)

In both sales order and scheduled order programs, MFG/PRO uses a hierarchical approach to retrieve previously entered default data that applies to specific customers and items.

- When entering a new order, the system uses default values for the ship-to address defined in Ship-To/Item Controls Maintenance. If a record does not exist for the ship-to address and a blank item, the system uses defaults defined in Customer Consignment Control.
- At the sales order line, the system first uses defaults defined in Ship-to/Item Controls Maintenance for the order ship-to and line item. If a record does not exist, values default from the order header.

Sales Order Maintenance

Figure 1.9 shows the Consignment field in the sales order header.

Fig. 1.9
Consignment Field
in Sales Order
Maintenance
Header (7.1.1)

The screenshot shows the 'Sales Order Maintenance' window. At the top, it displays 'Order: SO10072', 'Sold-To: 1000C', 'Bill To: 1000C', and 'Ship-To: 1000C'. Below this, there are two columns: 'Sold-To' and 'Ship-To'. Each column contains 'General Components' (23242 E. Hoover), 'Chicago' (IL 63601), and 'United States of America'. At the bottom, there are several input fields: 'Salesperson 1:', 'Multiple:', 'Commission 1: 0.00%', 'Freight List:', 'Frt Min Wgt: 0', 'Freight Terms:', 'Calculate Freight:', 'Display Weights:', 'Consignment:' (with a checkmark), 'Consume Forecast:' (with a checkmark), 'Detail Allocations:', 'Allocate Days: 10', 'Comments:', and 'Import/Export:' (with a checkmark). A callout line points to the 'Consignment:' field with the text 'Enter Yes if items are consigned.'

Consignment. Enter Yes if items on this sales order are consigned. This value defaults from Ship-To/Item Controls Maintenance, if used. If not used, the value defaults from Customer Consignment Control. Enter No if the most items on this sales order are non-consigned. You can designate individual items as consigned in the Consignment Order Line Item Data frame that displays later during order entry.

Figure 1.10 shows the Consignment Order Data frame that displays when Consignment is set to Yes.

Fig. 1.10
Consignment Order
Data Frame in Sales
Order Maintenance
Header

The screenshot shows the 'Sales Order Maintenance' window, similar to Figure 1.9. However, the bottom section is titled 'Consignment Order Data'. It contains three input fields: 'Consignment Location: 1000C', 'In-Transit Location:', and 'Maximum Aging Days: 45'. Navigation arrows are visible at the bottom right.

Consignment Location. Enter the location representing consigned inventory that resides at the customer facility. This value defaults from Ship-To/Item Controls Maintenance, if used. If not used, the value defaults from Customer Consignment Control.

In-Transit Location. Optionally enter the location that represents consigned inventory that is in-transit between you and your customer. When you enter a value for a consignment location but not for an in-transit location, inventory ready for shipping is transferred from the inventory location directly to the consignment location.

When you enter an in-transit value, inventory is transferred from the stock inventory location to the in-transit location. Enter only valid locations set up in Location Maintenance. The in-transit location defaults from Ship-To/Item Controls Maintenance, if used. If not used, the value defaults from Customer Consignment Control.

Important Assign in-transit locations an inventory status code with Nettable set to No. Otherwise, MRP will consider supply in that location twice: once for the scheduled receipt and again for the nettable quantity in the location.

Maximum Aging Days. Optionally enter the maximum number of days consigned inventory is allowed to reside at or be in-transit to the customer facility. Enter 0 (zero) if there is no deadline.

See “Managing Aged Inventory” on page 40.

This value defaults from Ship-To/Item Controls Maintenance, if used. If not used, the value defaults from Customer Consignment Control.

When you need to enter a sales order with only a few consigned items, proceed through the sales order screens to the sales order line frames as shown in Figure 1.11.

The screenshot shows the 'Sales Order Maintenance' window. At the top, it displays 'Order: SO10072', 'Sold-To: 1000C', and 'Ln Format S/M:Single'. Below this is a table titled 'Sales Order Line' with columns: Ln, Item Number, Qty Ordered, UM, List Price, Discount, and Net Price. The table contains one row: Ln 2, Item Number TT-500, Qty Ordered 200.0, UM EA, List Price 15.00, Discount 0.0, and Net Price 15.00. Below the table, there is a section for 'Desc: standard clip assemb'. A pop-up window titled 'Consignment:' is overlaid on the table, showing a location selection field with left and right arrows. At the bottom of the window, it shows 'Loc: Site: T100' and 'Disc Acct: 3900'.

Fig. 1.11
Consignment Line
Item Pop-Up in
Sales Order
Maintenance

Set the Consignment detail field to Yes for order lines with consigned items. Other items on the sales order remain non-consigned.

The Consignment Order Line Item Data frame lets you optionally update consignment values that apply only to this item.

Fig. 1.12
Consignment Order
Line Item Data in
Sales Order
Maintenance

The screenshot shows the 'Sales Order Maintenance' window. At the top, it displays 'Order: SO10072', 'Sold-To: 1000C', and 'Ln Format S/M:Single'. Below this is a table titled 'Sales Order Line' with columns: Ln, Item Number, Qty Ordered, UM, List Price, Discount, and Net Price. The table contains one row: Ln 2, Item Number TT-500, Qty Ordered 200.0, UM EA, List Price 15.00, Discount 0.0, and Net Price 15.00. Below the table is a section titled 'Consignment Order Line Item Data' with fields: 'Consignment Location:' (value 1000C), 'In-Transit Location:' (value 1000C), and 'Maximum Aging Days:' (value 90). Navigation buttons are at the bottom right.

Scheduled Order Maintenance

To order consigned inventory on a scheduled sales order, use Scheduled Order Maintenance (7.3.13).

Fig. 1.13
Consignment Field
in Scheduled Order
Maintenance
Header (7.3.13)

Enter Yes
to create
consigned
scheduled
orders.

The screenshot shows the 'Scheduled Order Maintenance' window. At the top, it displays 'Ship-From: T100', 'Ship-To: 1000C', 'Order: SO10073', and 'General Components'. Below this is a section titled 'Order Data' with various fields: 'AR Account:' (value 1200), 'Taxable:' (checkbox), 'Week Offset:' (value 0), 'Include Sat/Sun:' (checkbox), 'Cumulative:' (checkbox), 'Consignment:' (checkbox, highlighted by an arrow from the text 'Enter Yes to create consigned scheduled orders.'), 'Bill To:' (value 1000C), 'Auto Inv Post:' (checkbox), 'Import/Export:' (checkbox), 'Sequenced:' (checkbox), 'Dynamic Unpeg:' (checkbox), 'Entered By:' (value mat), 'Remarks:' (text area), 'Ship Via:' (value), 'FOB Point:' (value ESCONDIDO), 'Transport Days:' (value 0.00), 'Customer Ref Is Customer Item:' (checkbox), 'Print Invoice History:' (checkbox), 'EDI Invoice History:' (checkbox), 'Print Pack List:' (checkbox), 'Comments:' (text area), 'AR Site:' (value T100), 'Channel:' (value), 'Ship to Cum/Req:' (value Cum), and 'Currency:' (value USD). Navigation buttons are at the bottom right.

Enter the ship-from and ship-to information that apply to the entire scheduled order.

The Consignment field in the Order Data frame functions the same way as the field in Sales Order Maintenance.

The screenshot shows a window titled "Scheduled Order Maintenance". At the top, it displays "Ship-From: T100", "Ship-To: 1000C", and "Order: SO10073". Below this is a section labeled "General Components". The main area is titled "Consignment Order Data" and contains three input fields: "Consignment Location:" with the value "1000C", "In-Transit Location:" (empty), and "Maximum Aging Days:" with the value "20". To the right of these fields is a checkbox labeled "Automatic Replenishment:". At the bottom right of the frame are two circular arrows.

Fig. 1.14
Consignment Order
Data Frame in
Scheduled Order
Maintenance
Header

The first three fields in the Consignment Order Data frame function the same way as those fields in Sales Order Maintenance. Automatic Replenishment is an additional field that applies only to scheduled orders.

♦ See “Sales Order Maintenance” on page 24.

Automatic Replenishment. Indicate whether a planned replacement line is automatically added to the active required ship schedule based on the last quantity consumed.

Yes: A replenishment order is automatically generated when consigned items are consumed. The replenishment line is added to the next open date on the schedule for a quantity matching the quantity consumed.

No: A replenishment line is not added to the required ship schedule. New schedules are determined by using Required Ship Schedule Update (7.5.3).

You can indicate for each line whether it is consigned. If it is, the Consignment Order Line Item Data frame displays for input of line-item values. This contains the same fields as those illustrated in Figure 1.14.

Shipping Consigned Inventory

In standard MFG/PRO, inventory is allocated (reserved) to a sales order either by general or detail allocations.

Shipping consigned inventory uses the same process as shipping non-consigned inventory. Inventory is allocated to an order either by general or detail allocations. Shippers can be created or standard sales

♦ See *User Guide Volume 2A: Distribution*.

order shipments can be used. The difference between shipping consigned and non-consigned inventory is in the booking of transaction history and accounting.

Non-consigned items are shipped to the customer using the traditional ISS-SO inventory transaction. Shipping an order updates the quantity available to invoice.

In contrast, you own consigned inventory until the customer notifies you that it is consumed. To defer the transfer of ownership, the shipment is considered an inventory transfer and uses consigned transaction types.

Instead of an ISS-SO, a consigned shipment generates the following transactions:

- ISS-TR for transfers out of the stocking location
- RCT-TR for transfers into the consigned location
- CN-SHIP for consigned shipments

As shipments are made, the system transfers specified quantities, updates the sales order, and increases cumulative shipped quantities, thereby reducing MRP requirements and increasing the corresponding physical inventory accounts. Because the system updates cumulative quantities at the time of shipment, it ensures that your customer schedule correctly represents what has been shipped.

◆ See “Processing Returns, Rejects, and Corrections” on page 39.

If your company uses standard allocations and shipping, use Sales Order Shipments (7.9.15) to process shipments against open sales orders. These can be positive or negative amounts.

If your company uses shippers, use Picklist/Pre-Shipper Automatic (7.9.1) to create a picklist that selects and ships inventory. When needed, you can edit the order line details before items are added to a picklist/pre-shipper. Use Pre-Shipper/Shipper Confirm (7.9.5) to generate shipment transactions. The system optionally generates an electronic ASN that can be exported to the customer using EDI ECommerce.

Making Inventory Transfers and Adjustments

You can make inventory transfers either manually or through importing EDI ECommerce transactions.

Consignment Inventory Transfer

Use Consignment Inventory Transfer (7.18.7) to manually select inventory for transfer (CN-ISSTR/CN-RCTTR). For example, this program lets you move only in-transit inventory to a consigned location. If you need to move inventory from one location to another, use this program to retain the consigned status of the inventory.

Use this program when you receive an acknowledgment that the consigned inventory has arrived at the customer facility. For example, you can use this program when you need to manually show an inventory transfer from a third-party distribution warehouse to a customer facility.

A transfer represents the movement, not use, of inventory. It reduces inventory quantity for items at a designated site and location and increases it at another.

Fig. 1.15
Consignment
Inventory Transfer
(7.18.7)

Enter criteria for selecting consigned inventory to transfer. You must enter either a ship-to or sold-to address. You can enter a range of sites, items, customer POs, sales orders, and ship dates.

Transfer Location. Enter the new location where you want to transfer the in-transit or consigned inventory. This value sets the default for all items selected for transfer. You can change this for individual records, as needed.

If this location does not exist at the site containing the transfer-from location, the system creates it automatically or displays an error message, depending on the setting of Automatic Locations at the current site. If this is No for the site, the location must be predefined using Location Maintenance.

Fig. 1.16
Cross Reference
and From Location
Details Frames in
Consignment
Inventory Transfer

The screenshot shows the 'Consignment Inventory Transfer' window. At the top, it displays 'Sold-To: 1000C' and 'Ship-To:'. Below this is a table titled 'Cross Reference Details' with columns: ID, Item, Order, Line, Ship Date, and New Location. The table contains three rows of data. Below the table is a section titled 'From Location Details' which contains fields for ID, Item, Quantity, Cust PO, Ship-To, Site, Lot/Serial, Order, Location, Ref, and Inventory Status.

ID	Item	Order	Line	Ship Date	New Location
1	TT-500C	SO10072	1	08/08/2002	
2	TT-500	SO10072	2	08/08/2002	
3	TT-640	SO10072	3	08/08/2002	

From Location Details

ID: 1
Item: TT-500C
Quantity: 2,500.0
Cust PO:

Ship-To: 1000C
Site: T100
Lot/Serial:

Order: SO10072
Location: 1000C
Ref:
Inventory Status: N-N-N

The system displays cross-reference and from location details for the records that match your selection criteria. Choose the record you want to modify. You can specify a new location, quantity to transfer, and GL effective date in the To Location Details frame.

Fig. 1.17
From and To
Location Details in
Consignment
Inventory Transfer

The screenshot shows the 'Consignment Inventory Transfer' window. It displays the 'From Location Details' section from the previous figure. Below it is a new section titled 'To Location Details' which contains fields for New Location, Quantity, Effective, Lot/Serial, Ref, and Inventory Status. The 'New Location' field is highlighted with a yellow box and contains the text 'TTLOC'. The 'Quantity' field is also highlighted with a yellow box and contains the text '2,500.0'. The 'Effective' field is highlighted with a yellow box and contains the text '08/08/2002'.

From Location Details

ID: 1
Item: TT-500C
Quantity: 2,500.0
Cust PO:

Ship-To: 1000C
Site: T100
Lot/Serial:

Order: SO10072
Location: 1000C
Ref:
Inventory Status: N-N-N

To Location Details

New Location: TTLOC
Quantity: 2,500.0
Effective: 08/08/2002

Lot/Serial:
Ref:
Inventory Status:

New Location. Enter the new location where you want to transfer the in-transit or consigned inventory. This field defaults from the first frame if you specified a transfer location.

Quantity. Enter the quantity of the item to be transferred to the new location.

Effective Date. Enter the GL effective date for this transaction. The default is the system date. The effective date determines when this transaction affects GL balances.

If Verify GL Accounts is Yes in System/Account Control, the system checks that the transaction effective date is within an open fiscal period.

The screenshot shows a window titled "Consignment Inventory Transfer". At the top, it displays "Sold-To: 1000C" and "Ship-To:". Below this is a section for "From Location Details" containing the following information:

ID: 1	Ship-To: 1000C	Order: SO10072	1
Item: TT-500C	Site: T100	Location: 1000C	
Quantity: 2,500.0	EA	Lot/Serial:	Ref:
Cust PO:		Inventory Status: N-N-N	

Below the "From Location Details" section is a section for "To Location Details" with the following information:

New Location: TTLOC	Lot/Serial:	Ref:
Quantity: 2,500.0	EA	Inventory Status:
Effective: 08/08/2002		

At the bottom of the window, a message box states: "Status conflict. Use 'to' status". To the right of the message is a checkmark icon. At the bottom right corner, there are two circular navigation buttons with left and right arrows.

Fig. 1.18
Status Conflict
Message in
Consignment
Inventory Transfer

When the inventory status of the items being transferred differs from the default inventory status at the transfer-to location, the system prompts you to change the inventory status of the transferred items.

- Respond Yes to have the items automatically assume the default inventory status of the transfer-to location.
- Respond No to have items retain their current inventory status.

When you have finished specifying details, press End. A summary frame displays the items about to be transferred. When prompted, enter Yes to complete the update.

Imported EDI Messages

See *User Guide Volume 7: Release Management* for information.

When inventory arrives at the customer receiving dock, some customers send an acknowledgment of receipt in electronic data interchange (EDI) format. Using Document Import (35.1) to import an acknowledgment message has the same effect as manually transferring the consigned inventory. It signals the movement of inventory from the in-transit location to the consignment location identified on the sales order line. No transfer of ownership occurs while the inventory is in-transit or when it is received.

Consignment Inventory Adjustment

Use Consignment Inventory Adjustment (7.18.21) to manually modify consigned inventory information such as quantities and locations. Adjustment generates records of type CN-ADJ to record consignment adjustment.

Order and line are required. The system validates that the items on the order line were consigned. A warning displays if non-consigned items exist in the location specified.

Fig. 1.19
Consignment
Inventory
Adjustment
(7.18.21)

See “Tracking Consigned Inventory During Inventory Counts” on page 42.

You might use this program after doing a physical inventory to indicate that surplus items are consigned.

You can select inventory by serial number, reference number, sequence number, or authorization. For example, you can debit an in-transit account and credit a consigned offset (consumption) account.

Using Customer Consigned Inventory

You can designate inventory as consumed either by transferring ownership using a manual option or by importing EDI ECommerce transactions.

Three programs let you manually register usage of consigned materials: Inventory Usage Create (7.18.13), Authorization Usage Create (7.18.14), or Sequenced Usage Create (7.18.15).

Note You can also register inventory usage in Aging Inventory Update (7.18.10).

▶ See “Managing Aged Inventory” on page 40.

Use these programs to:

- Indicate usage of customer-consigned inventory.
- Transfer ownership of inventory to the customer.
- Issue items on sales orders or scheduled orders and prepare for invoicing.
- Update GL accounts.
- Automatically post invoices based on default setup.

Oldest shipments are consumed first, unless you specify inventory selection details such as batch, lot/serial, or reference numbers.

When you manually designate inventory as used, the system reduces the quantity available in the consigned location and books the amount as a sale.

▶ See page 45 for invoicing details.

Entering a consumed quantity that is more than the available quantity generates a warning message. The system reduces (CN-USE) the consumed quantity and shows a negative quantity in the consigned location.

Important Do not use these three programs to return inventory because they select only available quantity.

If you have previously consumed all available quantity, usage transactions will never select the order line because the available quantity is zero (0). You can correct previous usage data, but only if available quantity remains.

▶ See “Processing Returns, Rejects, and Corrections” on page 39.

In an EDI environment, you can import the customer's consumption information in EDI messages using Document Import (35.1) instead of entering it manually. In this case, the import gateway triggers consignment usage (CN-USE) and a sales order issue (ISS-SO) transaction.

If you have already created usage records manually for the same orders, the system marks them so that when the customer reports that the inventory is used or consumed in an EDI message, the system recognizes that it has already been booked once, and it does not book it again.

GL Effects of Usage

Consuming consigned inventory (CN-USE) has the following GL effects:

- Credits SO Consigned Inventory or SO Consigned In-Transit account, depending on the location where the consigned inventory resides. These accounts are defined in Inventory Account Maintenance (1.2.13).
- Debits the SO Consigned Offset account.

Issuing the items as a sale (ISS-SO) has the following GL effects:

- Credits the Inventory account defined in Inventory Account Maintenance (1.2.13) for the product line, shipment site, and location.
- Debits the COGS Material, COGS Burden, COGS Labor, COGS Overhead, and COGS Subcontract accounts defined in Sales Account Maintenance (1.2.17) for the product line, shipment site, sales channel, and customer type.

Note If Sum LL Costs Into Matl Cost is Yes in Inventory Control (3.24), all lower level manufacturing costs are posted to the COGS Material account.

GL transactions are stored in the unposted transaction table until they are posted. Review unposted transactions with Unposted Transaction Inquiry (25.13.13). Review and delete transactions created in modules other than GL with GL Transaction Delete/Archive (36.23.2). The GL reference begins with IC.

Inventory Usage Create

Use Inventory Usage Create (7.18.13) to manually enter consumption data for sales orders and scheduled orders that do not reference a shipping authorization number or a sequence number.

Fig. 1.20
Inventory Usage
Create (7.18.13)

Ship-To. This is a required field unless you enter a Sold-To. Enter the ship-to address of the record you want to update.

Sold-To. This is a required field unless you enter a Ship-To. Enter the sold-to address of the record you want to update.

Consume All. Enter Yes or No to indicate whether you want to consume all the shipments that are listed. If you enter Yes, all items in the selection results are marked for processing.

Sort By. Specify the sequence in which information is to display:

- Customer item and PO
- Item and sales order
- PO and customer item
- Sales order and item

The Customer Usage Data frame displays.

Fig. 1.21
Customer Usage
Data Frame in
Inventory Usage
Create

The screenshot shows the 'Inventory Usage Create' window. The top section contains fields for 'Ship-To:', 'Sold-To: 1000C', 'Site: T100', 'Customer Item:', 'PO Number:', 'Sales Order:', and 'Item:'. There are also 'General Components' and 'To: T100' fields. Below these are 'Consume All:' (checkbox) and 'Sort By: orditem' and 'Sales Order and Item'. The bottom section is titled 'Customer Usage Data' and contains 'Customer Usage Reference:' (text box), 'Self-Bill Authorization:' (text box), and 'Date: 08/08/2002' (calendar icon). Navigation buttons are at the bottom right.

Customer Usage Reference. Enter the customer usage reference number assigned to this transaction. This number is typically provided by the customer when using EDI.

Self-Bill Authorization. Enter the self-billing authorization number assigned to this transaction. This number is typically provided by the customer and refers to their payment number.

Date. Enter the date the customer consumed the inventory.

When you press Go, the system displays consigned inventory that matches your selection criteria.

Fig. 1.22
Consignment
Selection and
Details Frames in
Inventory Usage
Create

The screenshot shows the 'Inventory Usage Create' window. The top section is the same as in Fig. 1.21. Below it is the 'Consignment Selection' section, which is a table with columns: Item Number, Order, Line, Qty On Hand, UM, Usage Qty, UM, and Location. The table has three rows: TT-500, SO10072, 2, 200.0, EA, 0.0, EA, 1000C; TT-500C, SO10072, 1, 2,500.0, EA, 0.0, EA, 1000C; and TT-640, SO10072, 3, 100.0, EA, 0.0, EA, 1000C. Below the table is the 'Consignment Details' section, which contains fields for Item: TT-500, Order: SO10072, Ln: 2, Site: T100, Consumed Qty: 0.0, Location: 1000C, UM: EA, PO Number:, Lot/Serial:, Customer Item: TT-500, Ref:, and Multi Entry: (checkbox). Navigation buttons are at the bottom right.

Item Number	Order	Line	Qty On Hand	UM	Usage Qty	UM	Location
TT-500	SO10072	2	200.0	EA	0.0	EA	1000C
TT-500C	SO10072	1	2,500.0	EA	0.0	EA	1000C
TT-640	SO10072	3	100.0	EA	0.0	EA	1000C

In the Consignment Selection frame, select items and quantities you want to designate as consumed. You can select multiple items. In the Consignment Details frame, specify the quantity, lot/serial number, and reference number.

Authorization Usage Create

Use Authorization Usage Create (7.18.14) to manually consume consigned inventory on scheduled orders that are referenced by their customer shipping authorization number. This number is typically provided by the customer when you import schedules using EDI ECommerce.

▶ See *User Guide Volume 7: Release Management*.

Fig. 1.23
Authorization
Usage Create
(7.18.14)

Other authorization numbers can be provided by the customer including a customer job number or customer reference number.

Sort By. Specify the sequence in which information is to display:

- Authorization and item
- Customer PO and item
- Item and authorization
- Shipper and item

Sequenced Usage Create

Use Sequenced Usage Create (7.18.15) to manually consume inventory on scheduled orders that include sequence data. The sequence number is typically provided by the customer when you import schedules using EDI ECommerce.

Note Customer sequence numbers are available only if you use the Customer Sequence Schedules module in the PRO/PLUS package.

Fig. 1.24
Sequenced Usage
Create (7.18.15)

Sort By. Specify the sequence in which information is to display:

- Customer job and sequence
- Customer item and PO
- PO and customer reference
- PO and customer item

Usage Create Undo

If you make a mistake when entering consumption data, use Usage Create Undo (7.18.22) to reverse a transaction. This program creates the same transactions as Inventory Usage Create, but with negative quantities.

Fig. 1.25
Usage Create Undo
(7.18.22)

Item Number	Location	Lot/Serial	GL Ref	Quantity	UM
TT-500C				-1,000.0	EA

The system-assigned batch number is required.

All batch numbers are assigned by the system when consigned inventory usage is processed, either by importing EDI data or manually. A batch number is assigned to each execution of an inventory transaction. A complete record of batch numbers is maintained in the system. You can view batch numbers by running any of the consignment usage reports, such as Inventory Usage Report (7.18.4.13).

Processing Returns, Rejects, and Corrections

Because consigned inventory is not invoiced until consumed, returns to stock need to occur without processing a credit invoice. Excess consigned inventory, returns, or rejects are processed using either Sales Order Shipment (7.9.15), Shipper Unconfirm (7.9.21), or Pre-Shipper/Shipper Confirm (7.9.5).

Use Pre-Shipper/Shipper Confirm or Shipper Unconfirm to process the return of inventory in the following cases:

- From a consigned location to an in-transit location
- From an in-transit location to stock
- From a consigned location to stock

Use Sales Order Shipments (7.9.15) to create a sales order for:

- Correction (negative quantity)
- Return-to-stores of consigned inventory
- Customer credit

The system prompts you to select one of the above choices.

Important The overissue inventory status code must be Yes to allow a negative quantity. If overissue is No, the system does not allow an update.

If your company uses pre-shippers, use Shipper Unconfirm or Pre-Shipper/Shipper Confirm to unconfirm a shipper. A negative amount creates a customer credit.

Unconfirm reverses the entire shipment and transfers the quantity from consignment back to the stock location.

Managing Aged Inventory

In the Customer Consignment Inventory module, you can track inventory by ship date or by how long it has been in a consignment location. By assigning maximum aging days to the sales order line, you can:

- Identify inventory that exceeds the set number of days without being consumed.
- Extend the aging date on individual or multiple orders.
- Consume oldest shipments first.
- Consume shipments by sequence number, authorization, cross-reference, or lot/serial number.

When the consigned inventory has not been consumed by the customer and has not been returned, ownership can be transferred to the customer. The transfer of ownership does not occur automatically, however, allowing the supplier and customer to negotiate a compromise.

Note The aging date is separate from the expiration date.

To determine the date that maximum aging occurs, the system uses the following calculation:

$$\text{shipment date} + \text{transit time} + \text{maximum aging days} = \text{maximum aging date}$$

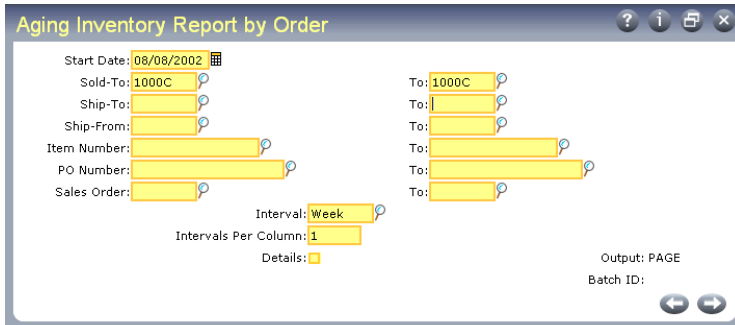
- Shipment date is the date of shipping transactions created in Sales Order Shipments (7.9.15) or Pre-Shipper/Shipper Confirm (7.9.5).
- Transit time is taken from Delivery Transit Time Maintenance (2.16.1).
- Maximum aging days is taken from the consignment sales order line data (7.1.1).

▶ See *User Guide Volume 6: Master Data* for details.

The calculated maximum aging date for each shipment is shown in various aging reports.

Identifying Aged Inventory

Use Aging Inventory Report by Order (7.18.4.7) to determine how long unused inventory on specific orders has been consigned. You can make daily, weekly, or monthly determinations for six financial periods; for example, six calendar weeks.



Aging Inventory Report by Order

Start Date: 08/08/2002

Sold-To: 1000C

Ship-To:

Ship-From:

Item Number:

PO Number:

Sales Order:

To: 1000C

To:

To:

To:

To:

To:

Interval: Week

Intervals Per Column: 1

Details:

Output: PAGE

Batch ID:

Fig. 1.26
Aging Inventory
Report by Order
(7.18.4.7)

Use Aging Inventory Report by Part (7.18.4.8) to identify consigned inventory by item number.

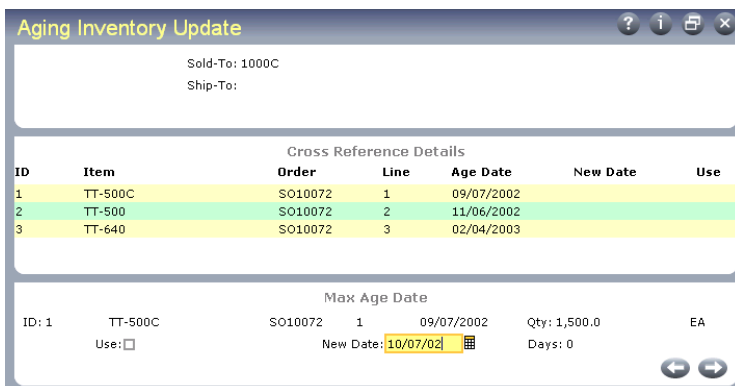
Use Aging Inventory by Order with Sequence (7.18.4.9) to identify consigned quantities on scheduled orders that include sequence numbers.

Extending the Aging Date

Use Aging Inventory Update (7.18.10) to extend the allowed time of consignment by setting a new aging date or adding days to the existing date. You can extend the maximum aging date as many times as required. An extension automatically updates each shipment.

You can also optionally record inventory usage with this program. In this case, the same inventory and GL transactions occur as in other usage programs.

See “GL Effects of Usage” on page 34.



Aging Inventory Update

Sold-To: 1000C

Ship-To:

ID	Item	Order	Line	Age Date	New Date	Use
1	TT-500C	SO10072	1	09/07/2002		
2	TT-500	SO10072	2	11/06/2002		
3	TT-640	SO10072	3	02/04/2003		

Max Age Date

ID: 1 TT-500C SO10072 1 09/07/2002 Qty: 1,500.0 EA

Use: ☐ New Date: 10/07/02 Days: 0

Fig. 1.27
Aging Inventory
Update (7.18.10)

The values in Aging Inventory Update default from shipment data. You can update these fields in the Max Age Date frame:

▶ See “Using Customer Consigned Inventory” on page 33.

Use. Enter Yes to designate this inventory as used. Entering Yes generates a shipment transaction (ISS-SO). The system debits the Cost of Goods Sold (COGS) accounts and credits the Inventory account.

New Date. Enter the new maximum age date you want to assign to this inventory, unless you enter the number of days you want to add to the age date.

Days. If New Date is blank, enter the number of days you want to add to the maximum age date. The system automatically calculates the new date.

Use Aging Inventory Batch Update (7.18.11) to revise aging dates for a group of sales orders. Aging Inventory Batch Update extends aging dates only; you cannot use it to transfer ownership.

Tracking Consigned Inventory During Inventory Counts

▶ See *User Guide Volume 6: Master Data* for cycle and physical count procedures.

During cycle count and physical inventory count processes, you must determine procedures for managing consigned inventory. Typically, you exclude customer consigned inventory during a count because it is not physically present at your site.

Various cycle count and physical inventory programs let you manage customer consigned inventory according to your needs. You can count:

- Only consigned inventory
- Only non-consigned inventory
- Both consigned and non-consigned inventory

For example, you can use consignment fields in Cycle Count Worksheet Print (3.13) to select inventory to count.

Cycle Count Worksheet Print

Item Number: To:

Product Line: To:

Type: To:

Site: T100 To: T100

Location: 1000C To: 1000C

Last Count:

ABC Class:

Number of Items: 99999999 A: 0% B: 0% C: 0% Other: 0%

Sort by Item or Site: Item

Customer Consigned: Include Supplier Consigned: Exclude

Past Due Only: ☐ Print Quantity OH: ☐

New Page on Site: ☐ Include Zero Quantity: ☐

New Page on Location: ☐ Include Negative Inventory: ☐

Print Bar Code: ☐ Include Phantom Items: ☐

Output: Batch ID:

Worksheet includes customer consigned inventory.

Fig. 1.28
Tracking Consigned Inventory Using Cycle Count Worksheet Print (3.13)

Similarly, when you use Item Tag Create (3.16.1), you can choose to update tags for only consigned, only non-consigned, or both types of inventory.

Item Tag Create

Site: T100 To: T100

Location: To:

Product Line: To:

Item Number: To:

ABC Class: To:

Starting Tag Number: 600 (99999400 Tags Available)

Include Zero Quantity: ☐

Include Negative Quantity: ☐

Customer Consigned: Exclude

Supplier Consigned: Exclude

Sort Option: 1

1 - Item, Site, Location, Lot/Serial
2 - Site, Location, Item, Lot/Serial
3 - Item, Lot/Serial, Site, Location

Tags exclude customer consigned inventory.

Fig. 1.29
Tracking Consigned Inventory Using Item Tag Create (3.16.1)

When you exclude consigned inventory or include it with non-consigned inventory, any adjustments required by the count affect non-consigned inventory only. If you choose to count consigned inventory only, the system uses special transactions when adjusting inventory downward.

These transactions occur in Cycle Count Results Entry (3.14) and Inventory Balance Update (3.16.21).

Downward adjustments to customer consigned inventory create the standard count transaction (CYC-CNT or TAG-CNT) and a CN-CNT transaction. The CN-CNT transaction is used to reverse the inventory effects of the standard transaction. This is followed by an ISS-SO and

CN-USE to track the inventory changes and transfer ownership of the material. Whenever the system updates consigned inventory, appropriate updates are also made to corresponding consignment accounts.

The various possibilities are shown in Table 1.3.

Table 1.3
Balancing
Consigned
Inventory After
Cycle or Physical
Counts

Option Entered	Results	Action	Transactions
Only consigned	Shortage	Shortage is reduction of consigned inventory.	CYC-CNT or TAG-CNT CN-CNT ISS-SO, CN-USE
	Surplus	Surplus is non-consigned.	CYC-CNT or TAG-CNT
Include consigned and non-consigned	Shortage	Shortage is reduction of non-consigned inventory.	CYC-CNT or TAG-CNT
	Surplus	Surplus is non-consigned.	CYC-CNT or TAG-CNT
Exclude consigned	Shortage	Shortage is reduction of non-consigned inventory.	CYC-CNT or TAG-CNT
	Surplus	Surplus is non-consigned.	CYC-CNT or TAG-CNT

▶ See “Consignment Inventory Adjustment” on page 32.

Use Consignment Inventory Adjustment (7.18.21) to associate the surplus (non-consigned) inventory to a consignment order if needed.

Invoicing Consigned Shipments

Using the Customer Consignment Inventory module, invoicing is deferred until some or all of the shipped inventory has been consumed by the customer. An invoice is not created until the customer acknowledges consumption.

▶ See “Set Up Consignment Accounts” on page 15.

Until consumption, GL transactions occur to track the value of inventory during the time it is held in consignment status. The system uses the customer consigned inventory accounts (In-Transit, Consigned, or Offset) specified in Inventory Account Maintenance (1.2.13). If not available there, the system uses the customer consignment accounts specified in Product Line Maintenance (1.2.1).

When an inventory quantity is transferred to a predefined in-transit or consignment location, only shipment-related costs are posted to the corresponding in-transit account or to the consigned inventory account of the ship-from location.

Once a usage transaction (CN-USE, ISS-SO) occurs, a standard invoice for the consumed inventory is available to be printed, posted, and sent to the customer. The system generates invoice numbers. If shipment-related charges have previously been printed and posted, only inventory charges and taxes are shown on the invoice at this time.

Effect of Automatic Invoicing

When you want the system to automatically print and post an invoice upon processing consumption data, set Auto Invoice to Yes in Container/Shipper Control (7.9.24) or Customer Schedules Control (7.3.24).

You can automatically post an invoice without shipment-related charges in Inventory Usage Create (7.18.13), Authorization Usage Create (7.18.14), or Sequenced Usage Create (7.18.15). These use the auto invoice settings in Container/Shipper Control.

When Auto Invoice is No, you must use the standard print and post invoice programs.

Use Unposted Transaction Register (25.13.14) to verify GL transactions.

Self-Billing

Some customers use self-bills instead of invoices. Self-bills are mapped to open invoices and compared.

Self-bill documents can be imported using EDI ECommerce. The import gateway accepts a customer-supplied payment authorization that can be referenced by a subsequent self-bill payment. This helps AR reconcile the payment with the actual usage record.

◆ See *User Guide Volume 11: PRO/PLUS* for more details on self billing.

Reporting Consignment Inventory Data

The system automatically collects consignment inventory data during transactions. The Customer Consignment Inventory module provides several reports for collecting, locating, tracking, and reviewing consigned inventory. These reports are designed to clearly show consigned and shipped inventory data. Consigned inventory data is shown in many standard MFG/PRO reports also.

A number of reports and inquiries let you evaluate accounts and track inventory movement from its initial stocking location to customer consumption. Table 1.4 shows reporting tools available in Customer Consignment Inventory and a brief explanation of the data that each provides.

Table 1.4
Reports and
Inquiries in the
Customer
Consignment
Inventory Module

Menu	Report	Function/Purpose
7.18.2	Ship-To/Item Controls Report	Displays defaults defined for consigned inventory items and customer ship-to address or a range of customer ship-to addresses.
7.18.4.1	Consignment Inventory Report	Displays consigned inventory items selected by inventory attributes.
7.18.4.2	Consignment Inventory by Loc	Displays selected consigned inventory items sorted by site and location.
7.18.4.3	Consignment Inventory by Order	Displays selected consigned inventory shipments sorted by sales order. Can display with or without quantities and sorted by: (1) Ship-from, customer, ship-to, order, item, PO or (2) Ship-from, item, customer, ship-to, order, PO
7.18.4.4	Consignment by Order with Sequence	Displays selected consigned inventory shipments by sales order and customer sequence. Can display with or without shipment ID and quantities and sorted by: (1) Ship-from, customer, ship-to, order, item, PO or (2) Ship-from, item, customer, ship-to, order, PO

Menu	Report	Function/Purpose
7.18.4.7	Aging Inventory Report by Order	Displays inventory quantities and aging dates by sales order.
7.18.4.8	Aging Inventory by Part	Displays inventory quantities and aging dates by item number.
7.18.4.9	Aging Inv by Order with Seq	Displays inventory quantities and aging dates by scheduled order with sequence numbers.
7.18.4.13	Inventory Usage Report	Displays inventory usage by selected criteria including ship-from, sold-to, ship-to, item, PO, SO, date used, ID, batch number, and customer reference.
7.18.4.14	Authorization Usage Report	Displays inventory usage by selected criteria and shipping authorization.
7.18.4.15	Sequenced Usage Report	Displays inventory usage by selected criteria and schedules order sequence number.
7.18.4.16	Usage Report by Order	Displays inventory usage by selected criteria including batch number and sales order sorted by: (1) Ship-from, customer, ship-to, order, item, PO or (2) Ship-from, item, customer, ship-to, order, PO
7.18.4.17	Usage Report by Order with Seq	Displays inventory usage by selected criteria and scheduled order sequence number.
7.18.16	Usage Inquiry	Displays consumed inventory by batch number. Shows sales order, line, item, quantities, and other data.
7.18.17	Authorization Usage Inquiry	Displays consumed inventory by batch and authorization number. Shows order, line, item, quantities, and other data.
7.18.18	Sequenced Usage Inquiry	Displays consumed inventory by batch and customer sequence number. Shows order, line, item, quantities, and other data.

Standard reporting tools available in Customer Consignment Inventory are shown in Table 1.5, followed by an explanation of the data that each tool provides.

Table 1.5
Standard Reports
and Inquiries used
in Customer
Consignment
Inventory

Menu Number	Title	Function/Purpose
3.6.5	Inventory Detail Report	Shows inventory availability. Detail format shows quantities of consigned items. Lists inventory information for site and location.
1.5.21 and 3.6.13	Inventory Valuation Report	Shows the value of inventory in a site by product line or item number. Includes total value of each item and a grand total for the product line. Options to exclude, include, or show only consignment shipments.
1.5.22 and 3.6.14	Inventory Valuation by Location	Shows the value of inventory in each location of a site by product line or item number. Includes total value at each location and a grand total for the site. Options to exclude, include, or show only consigned inventory.
1.5.23 and 3.6.15	Inventory Valuation as of Date	Displays the value of all items in a product line as of a user-specified date. Shows total inventory in each site and a grand total for product line. Options to exclude, include, or show only consignment shipments.
1.5.24 and 3.6.16	Inventory Valuation as of by Loc	Shows the value of inventory in each location of a site on a user-specified date. Shows the total value of each location and a grand total for the site. Options to exclude, include, or show only consignment shipments.
3.21.1	Transaction Detail Inquiry	Displays detailed inventory transaction history records ordered by transaction number. Includes transaction types.
7.3.14	Scheduled Order Inquiry	Shows scheduled sales orders and consignment settings.

Supplier Consignment Inventory

The Supplier Consignment Inventory module lets you plan, order, receive, stock, track, and report supplier-consigned inventory using an automated system that reconciles inventories between suppliers and customers. Vouchering and accounts payable (AP) transactions are deferred until the inventory is used. Customer use includes transfer, shipping, manufacturing, or distribution to its own customers.

This chapter describes how to set up and manage consigned inventory. It also gives an overview of the reporting tools available for reviewing and tracking consignment activity.

Overview of Supplier Consignment Inventory **50**

Planning and Setup **56**

Managing Consigned Inventory **64**

Reporting Consignment Inventory Data **79**

Overview of Supplier Consignment Inventory

The Supplier Consignment Inventory module lets you plan, order, receive, stock, track, and report supplier-consigned material while at the same time deferring vouchering and accounts payable (AP) transactions. A company using consigned inventory pays for only what they use, not for what they receive.

The module extends the purchase order process by providing new transactions to receive material and identify it as consigned. These transactions also delay the standard AP process until material is consumed but allow the consigned items to be visible for planning. When items are consumed, such as in a manufacturing process, the receiver becomes available for vouchering.

When consumption is reported back to the supplier, the supplier can transfer liability for the material in their system and issue an invoice if self-billing is not being used.

Using consigned inventory alleviates the need for the supplier to buy back the excess sent to the customer or remaining at the end of the consignment period. Because the supplier still owns the inventory, any excess is simply returned.

Using key features of Supplier Consignment Inventory, you can:

- Create PO consigned inventory and inventory offset accounts at the system level, for product lines, or for combinations of sites and product lines.
- Delay the transfer of ownership of consigned inventory by deferring AP transactions until you use the inventory.
- Determine at the system level whether consigned inventory should be consumed first or only after non-consigned inventory is exhausted.
- Set up consignment defaults at the system level for the majority of your purchase orders and supplier scheduled orders and tailor defaults for individual supplier addresses and items.
- Create vouchers for payment of shipping charges immediately, while delaying vouchering for material until it is actually used.

- Indicate for selected sites and locations that inventory transfers should initiate a change in ownership.
- Determine the tax point for consigned inventory based on settings in the associated tax rate. The tax point can be at receipt, at vouchering, or at consumption.
- Create a purchase order or scheduled order with both non-consigned and consigned items.
- Manually adjust consigned inventory if needed.
- Include or exclude consigned inventory during physical inventory or cycle count.
- Export EDI transmissions to inform suppliers of item usage, or create records to send manually.
- Retain visibility of consigned inventory information including its location, status, age, and order details.
- Manage and update aging dates.
- Generate reports and inquiries that sort and display details according to your needs:
 - Identify unconsumed inventory that exceeds its maximum aging date.
 - Compare inventory received with inventory consumed.

Supplier Consignment Programs

Table 2.1 lists programs included in Supplier Consignment Inventory.

Menu Number	Description	Program Name
5.18	Supplier Consignment Inventory...	
5.18.1	Supplier/Item Controls Maintenance	pocnvdm.t.p
5.18.2	Supplier/Item Controls Browse	pobr014.p
5.18.6	Consignment Inventory Report	ppptrp10.p
5.18.7	Consignment Inventory By Order	pocnrp01.p
5.18.8	Consignment Usage Report	pocnrp02.p
5.18.9	Consignment Usage Summary Report	pocnrp03.p
5.18.10	Consignment Usage Export Report	pocnrp04.p
5.18.13	Aging Inventory Update	pocnaim.t.p

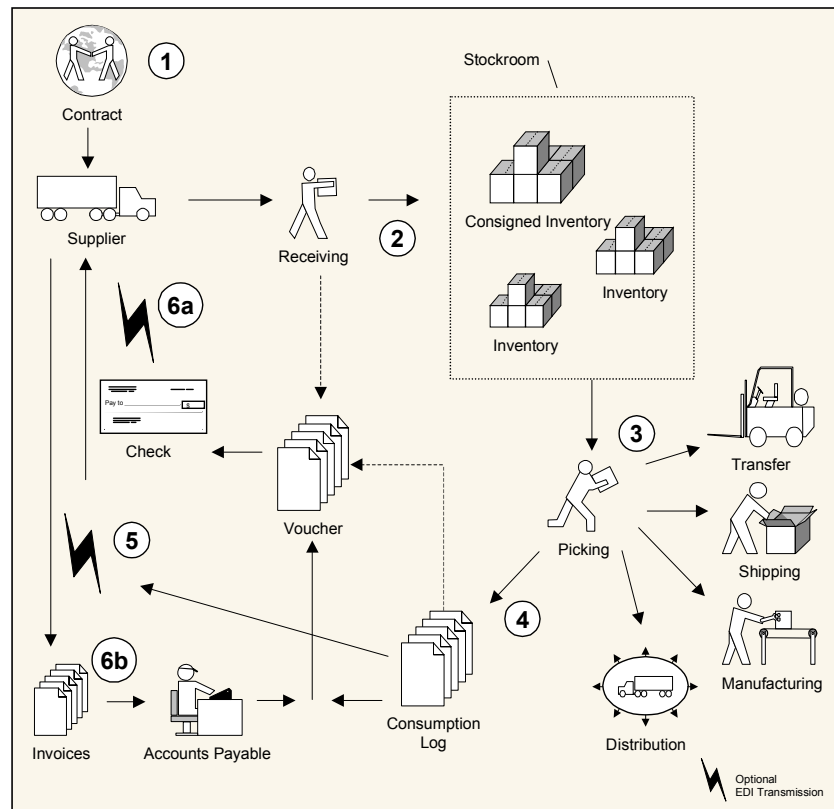
Table 2.1
Supplier
Consignment
Inventory Programs

Menu Number	Description	Program Name
5.18.14	Aging Inventory Batch Update	pocnaiup.p
5.18.15	Aging Inventory Report by Order	pocnairp.p
5.18.16	Aging Inventory Report by Part	pocnairl.p
5.18.21	Consignment Inventory Adjustment	pocnadj.p
5.18.24	Supplier Consignment Control	pocnspm.p

Supplier Consignment Inventory Business Work Flow

Figure 2.1 shows the complete consignment inventory work flow beginning with the contract and ending with accounts payable.

Fig. 2.1
Consignment
Inventory Business
Flow



Creating a Purchase Order

A contract is created between a customer and a supplier that dictates the items to be sold on consignment (step 1 in Figure 2.1). The contract is either a standard purchase order, a blanket purchase order, or a scheduled purchase order. It includes clauses on deferring liability. The contract may also include a maximum number of aging days that a customer is permitted to hold items without liability of payment. This ensures that inventory will be consumed in a timely manner.

Receiving Inventory

As consigned inventory arrives, it is handled by the standard receiving process (step 2 in Figure 2.1). The inventory is immediately nettable to MRP and available for allocation according to the inventory status of the stock location.

Cumulative receipt quantities are automatically updated for scheduled purchase orders. Because the consigned inventory is not yet available for vouchering, any voucher process selecting open receipts bypasses receipts of consigned inventory until it is consumed.

Only shipping-related charges (trailer and freight) can be vouchered at the time of receipt.

Consuming the Inventory

The consigned inventory is eventually consumed by the customer (step 3 in Figure 2.1). Consumption occurs in the following ways:

- Issues to a manufacturing order such as a work order, repetitive order, or flow schedule
- Unplanned issues
- Issues to a configured item final assembly order
- Transfers to another location within a site
- Shipment of consigned parts (sales order shipments or shipper confirm)
- Manual consumption of aged inventory

▶ See “Using Supplier Consigned Inventory” on page 70.

Consumption activity is logged (step 4 in Figure 2.1) for audit purposes and for batch processing. When reported to the supplier (step 5 in Figure 2.1), it triggers the transfer of liability. Consumption can be reported manually or using EDI ECommerce.

Once the inventory is consumed, the receiver is available for vouchering, but only for the amount consumed. This can be a partial amount and may not always be the total amount on the receiver. The system tracks how much of the receiver is available for vouchering. A cumulative quantity is kept to track the total material consumed on the contract.

Vouchering the Inventory

◆ See *User Guide Volume 4A: Financials* for details on AP processing.

Vouchers are created either manually using functions in Accounts Payable (AP) or automatically by Evaluated Receipts Settlement (ERS). Both distinguish between receipt of consigned inventory that has been consumed and receipt of consigned inventory that has not been consumed; for example, when only a portion of an order has been consumed.

Because vouchering follows standard MFG/PRO processing, it is not discussed in this chapter.

Using Supplier Consignment Inventory with EMT

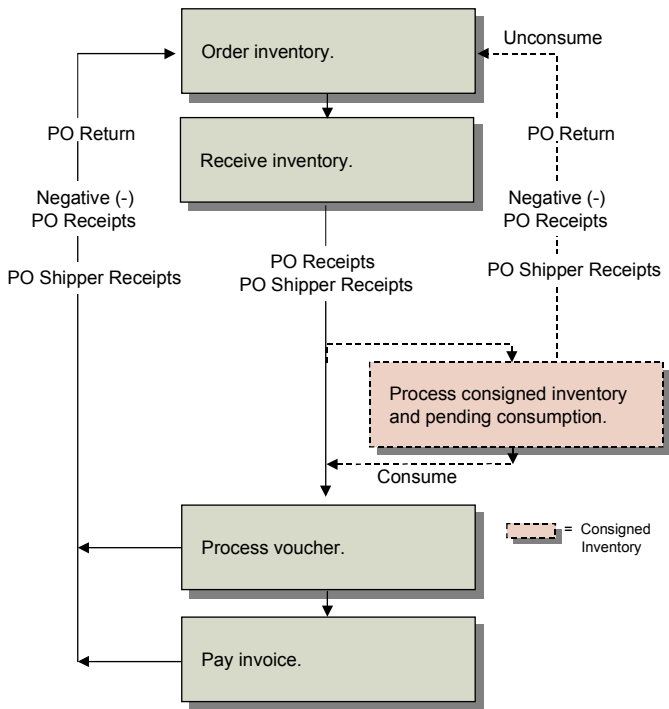
◆ See *User Guide Volume 2A: Distribution* for information on EMT.

Enterprise Material Transfer (EMT) lets you translate sales orders into purchase orders automatically and transmit those purchase orders to secondary business units (SBU) electronically using EDI ECommerce. By definition, the system creates all lines of EMT purchase orders as non-consigned. You cannot change the consignment setting on these system-maintained orders.

Consignment Process Summary

Figure 2.2 shows the sequence in which the Supplier Consignment Inventory module processes data within MFG/PRO.

Fig. 2.2
Consignment
Overview



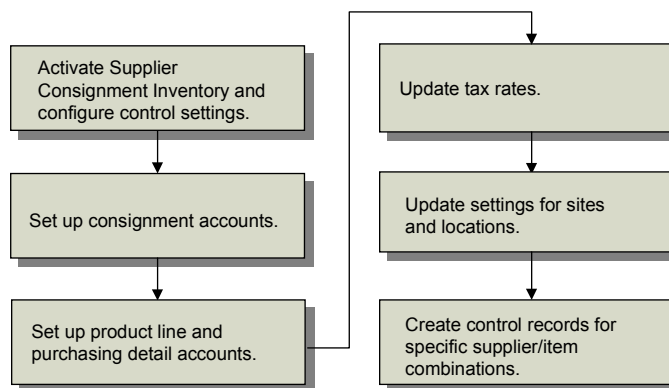
Planning and Setup

Before using the Supplier Consignment Inventory module, you must set up different kinds of data:

- Base data standard to MFG/PRO such as items, addresses, and general ledger (GL) accounts. These activities are not discussed in this chapter.
- Base data specific to the Supplier Consignment Inventory module.
- Supplier consignment control settings that determine defaults and processing options.

Figure 2.3 illustrates the typical work flow for setting up Supplier Consignment Inventory.

Fig. 2.3
Supplier
Consignment Setup
Flow



Update Control Settings

Use Supplier Consignment Control (5.18.24) to activate the Supplier Consignment Inventory module. All values default to Supplier/Item Controls Maintenance (5.18.1) where you can modify them for specific combinations of suppliers and items.



Fig. 2.4
Supplier
Consignment
Control (5.18.24)

Using Consignment Inventory. This is the single place where you can activate the Supplier Consignment Inventory module. The default is No.

No: Enter No to display standard purchase order programs. The system bypasses all consignment screens.

Yes: The Supplier Consignment Inventory module is active. You can use Supplier Consignment Inventory programs.

Once you have activated the module, created consigned items, or performed transactions, entering No to deactivate the module displays a warning message. Unless all consigned items are consumed, the system warns you that non-invoiced consigned items exist and prompts you to confirm your action.

Consignment Orders. Specify the default value for the Consignment Orders field in the header of new purchase orders, scheduled orders, and blanket purchase orders:

No: Enter No if most of your inventory transactions are for non-consigned items.

Yes: The Consignment Orders field on the header of new orders is Yes.

In either case, you can combine lines for both consigned and non-consigned inventory on one order.

Note The value defined here is used on new orders only if the system does not find a more specific match in Supplier/Item Controls Maintenance.

Maximum Aging Days. Enter the maximum number of days consigned inventory is allowed to reside at your facility.

The default value is 0 (zero), which indicates no scheduled aging deadline exists.

♦ See “Managing Aged Inventory” on page 74.

Use Consigned First. When a location contains both consigned and non-consigned inventory, this field determines which inventory is processed first:

No: Use non-consigned inventory first.

Yes: Use consigned inventory first.

Default: Let the system select inventory based on the picking logic specified in Inventory Control.

Transfer Ownership. Specify Issue/Backflush. Transfer of ownership (consumption) is allowed only at the time items are issued or backflushed. No other value is currently supported.

See *User Guide Volume 6: Master Data* for details.

Create Control Records for Specific Supplier/Item Combinations

Use Supplier/Item Controls Maintenance (5.18.1) to define specific default values for suppliers or for combinations of suppliers and items. The values entered here override the settings in Supplier Consignment Control only for the specified supplier. When new orders are created for a specific supplier, the system looks for the most specific record first to determine the defaults to use. Orders previously entered into the system remain unchanged.

Fig. 2.5
Supplier/Item
Controls
Maintenance
(5.18.1)

The screenshot shows a software window titled "Supplier/Item Controls Maint". Inside the window, there are several fields and labels: "Supplier: 5017000", "Item Number: 10-15000", "Consignment Orders:" with a checked checkbox, and "Maximum Aging Days:" with a value of "30" in a yellow box. To the right, the text "Mission Bay Distributors" and "NOMAD(TM) COOLING SYS" is displayed. The window has standard OS controls (help, info, print, close) in the top right corner and navigation arrows in the bottom right corner.

The settings in this program apply either to the supplier alone or to the supplier/item number combination specified in the header frame. Only the supplier is required.

Supplier. Enter the supplier address code that uniquely identifies this control record. This address represents the company that supplies consigned items. You must enter a valid address code with a list type of supplier.

This is a required field. Associated control values apply to this supplier only.

Item Number. Optionally enter an item number to use as part of the unique identifier for this control record. This item number represents the consigned item being received into inventory.

When you enter an item number, this control record applies to purchase order lines for this item only.

Items must be previously defined in Item Master Maintenance (1.4.1).

Leave this value blank to indicate that this control record applies to all items from this supplier without a specific control record.

Note Do not specify a supplier item defined with Supplier Item Maintenance (1.19) in this field. When you specify a supplier item on an order line, the system converts it to the internal item before looking for defaults defined with this program.

Set Up Consignment Accounts

Use three programs to identify accounts for tracking supplier consignment inventory:

- System/Account Control (36.1)
- Product Line Maintenance (1.2.1)
- Purchasing Account Maintenance (1.2.5)

Create accounts first in Account Code Maintenance (25.3.13). Use System/Account Control to set up defaults. Codes entered in System/Account Control default to Product Line Maintenance. Product Line Maintenance accounts default to Purchasing Account Maintenance.

Note One of the Consignment Inventory modules must be activated to access the Consignment Accounts frame.

Fig. 2.6
System/Account
Control (36.1)

Supplier
Consignment
Inventory
module fields

System/Account Control

Service Accounts

Service Labor: 6550
Service Overhead: 6491
Service Expense: 7400
Expense Due: 7410
Service Returns: 5053
Deferred Revenue: 3000
Accrued Revenue: 3000

Consignment Accounts

SO Consigned In-Transit Acct:		
SO Consigned Inventory Acct:		
SO Consigned Offset Acct:		
PO Consigned Inventory Acct:	1102	
PO Consigned Offset Acct:	1511	

PO Consigned Inventory Acct. Enter the GL account, sub-account, and cost center codes used to track consigned inventory that has been received by your facility.

PO Consigned Offset Acct. Enter the GL account, sub-account, and cost center codes used to track deferred payable amounts for consigned receipts.

The PO Consigned Inventory and PO Consigned Offset accounts are updated simultaneously to record consigned activity and do not affect the balance sheet. Other accounts are not updated until inventory is used.

See “Set Up Consignment Accounts” on page 15.

The remaining account fields in this frame are used by the Customer Consignment Inventory module.

Set Up Product Line Accounts

Use Product Line Maintenance (1.2.1) to tailor consignment accounts for items that belong to a particular product line. If you do not define specific product line accounts, the system uses the default GL accounts from System/Account Control.

Product Line Maintenance

Product Line: 1500
Description: AUTOMOTIVE PRODUCTS
Taxable: ☐
Tax Class:
Default Sub-Account:
Default Cost Center:

Override: ☐
Override: ☐

Consignment Accounts

SO Consigned In-Transit Acct:			
SO Consigned Inventory Acct:			
SO Consigned Offset Acct:			
PO Consigned Inventory Acct:	1102		
PO Consigned Offset Acct:	1511		

Fig. 2.7
Consignment
Accounts in
Product Line
Maintenance
(1.2.1)

Optionally use Purchasing Account Maintenance (1.2.5) to further define GL accounts designated for consignment. By setting up accounts for combinations of product line, site, and supplier type, you can separately track accounts for multiple sites and types of suppliers.

Set Up Purchasing Detail Accounts

Purchasing detail accounts default from Product Line Maintenance. Often, these are used to associate cost centers with different sites and supplier locations.

Purchasing Account Maintenance

Product Line: 1500
Site: 10000
Supplier Type:
Default Sub-Account:
Default Cost Center:

AUTOMOTIVE PRODUCTS
San Diego Main Plant

Override: ☐
Override: ☐

Purchases Acct: 5100
PO Receipts Acct: 2200
Overhead Appl Acct: 6490
PO Price Var Acct: 5000
AP Usage Var Acct: 5010
AP Rate Var Acct: 5020

Consignment Accounts

PO Consigned Inventory Acct:	1102		
PO Consigned Offset Acct:	1511		

Fig. 2.8
Consignment
Accounts in
Purchasing
Account
Maintenance
(1.2.5)

Update Tax Rates

When the Supplier Consignment Inventory module is active, you have an additional option for determining when the system creates GL transactions for tax amounts on consigned purchases. The tax point is determined by settings defined for the tax rate in effect in Tax Rate Maintenance (2.13.13.1).

Fig. 2.9
Setting Tax Accrual
in Tax Rate
Maintenance
(2.13.13.1)

Tax Rate Maintenance

Tax Type: CA-SLS Tax Code: 13
 Item Tax Class: RSN Description: automotive
 Tax Usage: S-S-MFG Tax Rate: 8.00%
 Effective: 09/01/2002 Tax-By-Line: ☒
 Tax Base: FA Sale

Min. Taxable: 0.00
 Max. Taxable: 999,999,999.99
 Percent Recoverable: 0.00%
 Tax Method: 01
 Update Tax Allowed: ☐
 Allow Tax Included: ☐
 EC Sales List: ☐
 EC Process Work: ☐
 Sales Tax Account: 2400
 Sales Tax Absorbed: 5950
 AP Tax Account: 1400
 AP Tax Retained: 2450

Expiration Date:
 Accrue Tax at Receipt: ☐
 Accrue Tax at Usage: ☒
 Discount Tax at Invoice: ☐
 Discount Tax at Payment: ☐
 Comments:

Taxes accrue when inventory is used.

The Accrue Tax at Receipt setting normally determines the tax point for purchased items. This can be set to accrue taxes either at receipt or at vouchering.

See “Using Supplier Consigned Inventory” on page 70.

For consigned items, the Accrue Tax at Usage setting provides a third option to accrue taxes when consigned items are used. Items can be used in a variety of ways, including:

- Issue to a work order, distribution order, sales order, repetitive order, or configured item final assembly work order
- Unplanned issue
- Transfer to another location or site

If Accrue Tax at Usage is No, the system creates tax transactions for consigned items based on the setting of Accrue Tax at Receipt.

Update Settings for Sites and Locations

When the Supplier Consignment Inventory module is active, you can use the Transfer Ownership field to indicate how consigned inventory should be managed when it is transferred to a specific site.

Ownership
is
transferred
for locations
in this site.

The screenshot shows the 'Site Maintenance' window for Site 10000. The settings are as follows:

- Site: 10000
- Description: San Diego Main Plant
- Entity: 1000
- Default Inventory Status: [Field]
- Automatic Locations: ☒
- Database: [Field]
- EMT Supplier: [Field]
- External Supplier: ☐
- Transfer Variance Acct: 5030
- Transfer Ownership: ☒

Fig. 2.10
Transferring
Ownership in Site
Maintenance
(1.1.13)

The value you specify for a site determines the default value for new locations created in the site. This default applies both to locations created in Location Maintenance (1.1.18) and any locations created by the system when Automatic Locations is Yes. You can modify the default in Location Maintenance as needed.

The same field exists in Location Maintenance. At the location level, this field has the following effect:

No: Inventory received into the location retains its consigned status.

Yes: Receiving inventory into the location initiates a transfer of ownership (usage). To track the ownership change, RCT-PO and CN-ISS transactions occur in addition to the inventory transfer and receipt. The supplier can now invoice you for the inventory, and GL accounts are updated.

See “Using
Supplier
Consigned
Inventory” on
page 70.

When the Supplier Consignment Inventory module is not active, the Transfer Ownership field is disabled.

Transfer of ownership occurs automatically when consigned inventory is issued to work orders, sales orders, or final assembly orders and when unplanned issues occur. Ownership transfer is optional only during inventory transfers and receipts.

Note Distribution order issues are a type of transfer.

Managing Consigned Inventory

Key management functions of the Supplier Consignment Inventory module are to:

- Manage inventory quantities.
- Provide inventory valuation and update GL accounts.
- Defer AP transactions until consumption.

When you activate the Supplier Consignment Inventory module and begin receiving inventory, MFG/PRO automatically tracks consigned inventory ownership, quantities, age, use, vouchering, and payment.

It does this by first identifying which purchase order lines are consignment lines. The system then manages the receipt of consignment line items with special consignment transactions. Information associated with consigned receipts is maintained in a cross-reference table, in addition to the standard inventory information.

The inventory references the PO line on the receipt. These inventory cross-reference records are visible for usage and aging analysis.

Creating Inventory Transaction History

Every inventory transaction creates a record in inventory transaction history. Each record has a unique, sequential transaction number and a transaction type. Transactions include the following information:

- Transaction data
- Inventory data
- Cost data
- GL transaction data
- User ID of the person entering the transaction

Supplier Consignment Inventory Transaction Types

The transaction type code identifies the function used to initiate the inventory change. Table 2.2 lists the supplier consignment transaction type codes included in inventory history records with a brief description of each type and some of the programs that create the transactions. Any

other programs that create similar transactions (ISS-SO, ISS-WO, RCT-TR, ISS-UNP) for consigned inventory would also create the special consigned transactions.

Table 2.2
Consignment
Transaction Types

Transaction Type	Menu Number	Program that Creates the Transaction/ Description
CN-RCT	5.13.1 5.5.5.11 5.13.20	Purchase Order Receipts PO Shipper Receipt Receives consigned inventory into a location. Credits PO Consigned Inventory, debits PO Consigned Offset.
CN-ADJ	5.18.21	Consignment Inventory Adjustment Adjusts locations, quantities, and other details of consigned inventory. Debits or credits PO Consigned Inventory account and credits or debits PO Consigned Offset account.
CN-ADJ, RCT-PO	5.18.13	Aging Inventory Update Adjusts balances of consigned inventory. Instead of extending the aging date of consigned inventory, enter Yes in the Use field to indicate consumption. Initiates receipt transactions and subsequent vouchering.
ISS-TR, RCT-TR RCT-PO, CN-ISS	3.4.1 3.4.2 3.4.3 3.4.4	Transfer Single Item Transfer Multiple Item Transfer with Lot/Serial Change Batchload Transfer with Lot/Serial Change Moves inventory from one location to another. Note: Consignment transactions occur only if Transfer Ownership is Yes for the receiving location.
ISS-DO, RCT-PO, CN-ISS	12.17.21 12.17.22	Distribution Order Processing Distribution Order Shipments Note: Consignment transactions occur only if Transfer Ownership is Yes for the receiving location.
ISS-WO, RCT-PO, CN-ISS	16.10 16.12 16.19 17.21.7 17.22.19.1 18.22.13	Work Order Component Issue Work Order Receipt Backflush Work Order Operation Backflush Flow Schedule Receipts Execute Kanban Transactions Backflush Transaction

Transaction Type	Menu Number	Program that Creates the Transaction/ Description
ISS-SO, RCT-PO, CN-ISS	7.9.5 7.9.7 7.9.15 11.11.6	Pre-Shipper/Shipper Confirm Pre-Shipper/Shipper Auto Confirm Sales Order Shipments Material Order Shipments
ISS-FAS, RCT-PO, CN-ISS	8.13	Sales Order Release to Work Order
ISS-UNP, RCT-PO, CN-ISS	3.7	Issues–Unplanned
CN-ISS		Credits PO Consigned Offset, debits PO Consigned Inventory.

Reviewing Transaction History

Use Transactions Detail Inquiry (3.21.1) to display detailed inventory transaction history records sorted by transaction number. Enter the transaction number to display all the information about that transaction.

Figure 2.11 shows the details about transaction 2072.

Fig. 2.11
Consigned
Inventory
Transactions
Shown in
Transactions Detail
Inquiry (3.21.1)



When consigned inventory is used, multiple inventory transactions are processed and corresponding transaction history records created. For the consigned transaction, the system records the number of the standard transaction initiating it in the Remarks field.

In Figure 2.11, the Remarks field reflects the standard RCT-PO transaction that initiated the consignment CN-ISS transaction. For transaction 2072, the Remarks field contains the word Consigned, to indicate the type of inventory involved in the transaction.

Ordering Consigned Inventory

When the Supplier Consignment Inventory module is active, additional frames and fields display for user input during order entry in:

- Blanket Order Maintenance (5.3.1)
- Scheduled Order Maintenance (5.5.1.13)
- Purchase Order Maintenance (5.7)

In all three programs, MFG/PRO uses a hierarchical approach to retrieve previously entered default data that applies to specific suppliers and items.

- When entering a new order, the system uses default values for the supplier defined in Supplier/Item Controls Maintenance. If a record does not exist for the supplier and a blank item, the system uses defaults defined in Supplier Consignment Control.
- At the purchase order line, the system first uses defaults defined in Supplier/Item Controls Maintenance for the order supplier and line item. If a record does not exist, values default from the order header.

Purchase Order Maintenance

Specify Yes in the Consign field in the purchase order header to indicate that the order includes consigned items.

Note Scheduled orders and blanket orders are processed the same way using similar fields and frames. They are not illustrated here.

Fig. 2.12
Consign Field in
Purchase Order
Maintenance (5.7)

The screenshot shows the 'Purchase Order Maintenance' window. At the top, it displays 'Purchase Order: 1001', 'Supplier: 00100', and 'Ship-To: 10000'. Below this, there are two main sections: 'Supplier' and 'Ship To'. The 'Supplier' section lists 'Swift Transport' at '2100 Hueneme Road', 'Port Hueneme, CA 93033', 'United States of America'. The 'Ship To' section lists 'Quality Products Inc.', 'Manufacturing Division', 'One World Way', 'San Diego, CA 92130', 'United States of America'. Below these sections, there are various fields for dates, times, and other details. The 'Consign' field is highlighted with a yellow box and a callout arrow pointing to it with the text 'Set Consign field to Yes for consigned orders.' The 'Consign' field is currently set to 'Yes'.

Consign. Enter Yes if most items on this purchase order are received from the supplier as consigned inventory.

Enter No if most items purchased from this supplier are non-consigned.

When you specify Yes in the header Consign field, a Supplier Consignment frame displays, illustrated in Figure 2.13. Scheduled orders and blanket orders are processed the same way using similar fields and frames.

Fig. 2.13
Consignment
Frame in Purchase
Order Maintenance
(5.7)

The screenshot shows the 'Purchase Order Maintenance' window, similar to Figure 2.12. However, at the bottom of the window, a 'Supplier Consignment' frame is displayed. This frame contains the text 'Maximum Aging Days: 10' with a yellow box around the number '10'. The 'Consign' field is not visible in this view.

Maximum Aging Days. Optionally enter the maximum number of days consigned inventory on this order is allowed to reside at your facility. Enter 0 (zero) to indicate that no scheduled aging deadline exists.

The system automatically adds the number of days entered here to the receipt date to determine the maximum aging date. The calculated date is used by reports to determine how long inventory has been at your facility.

You can extend the maximum aging date as many times as required using Aging Inventory Update (5.18.13) or Aging Inventory Batch Update (5.18.14). An extension automatically updates each receipt.

Regardless of what you enter on the header, you are prompted during line-item entry to specify whether the particular line is consigned. If you specify Yes, you can also specify the maximum aging date for the line. Figure 2.14 illustrates the Consignment field for a PO line.

The screenshot shows the 'Purchase Order Maintenance' window. At the top, it displays 'Purchase Order: 1001', 'Supplier: 00100', and 'Ln Format S/M: single'. Below this is a table with the following data:

Ln	Site	Req	Item Number	Qty Ordered	UM	Unit Cost	Disc%
3	10000	RQ10017	TT-500	50.0	EA	0.70	0.00%

Below the table, there are several fields and options. On the left, 'Qty Received: 0.0' and 'Qty To Rel: 0.0' are shown. Below these are 'Single Lot: ☐', 'Location:', 'Revision:', 'Status:', 'Supplier Item:', 'Manufacturer:', and 'Description: standard clip assembly'. In the center, there is a 'Consignment:' field with a yellow icon and a value of '100'. Below this is a 'Need Date: 07/30/2002' and 'Sales/Job:'. To the right of the 'Consignment:' field are 'CRT Int: 0.00', 'Project:', 'Type:', 'Taxable: ☐', 'Inspect Req: ☐', 'Cmnts: ☐', 'UM Conversion: 1.0000', 'Stock UM Qty: 50.0', 'Update Avg/Last Cost: ☒', and 'Extended Net Cost: 35.00'. The 'Fixed Price:' checkbox is also checked.

Fig. 2.14
Consignment Line
Item Frame in
Purchase Order
Maintenance

Receiving Consigned Inventory

You can receive items purchased on consignment using either:

- Purchase Order Receipts (5.13.1)
- PO Shipper Receipts (5.13.20)

◆ See “Using Supplier Consigned Inventory” on page 70.

Instead of a standard RCT-PO, which makes the purchase order available for vouchering, a CN-RCT transaction records the receipt of consigned inventory. The RCT-PO occurs when items are used, causing transfer of ownership from the supplier and making the items available for vouchering.

Receiving consigned items creates the following GL transactions:

- Credits the PO Consigned Inventory account defined in Purchasing Account Maintenance for the product line, site, and supplier type, if available. Otherwise, the account from Product Line Maintenance is used.
- Debits the PO Consigned Offset account defined in Purchasing Account Maintenance for the product line, site, and supplier type if available. Otherwise, the account from Product Line Maintenance is used.

Using Supplier Consigned Inventory

The system records the receipt of consigned inventory with a CN-RCT transaction instead of a standard RCT-PO. The RCT-PO occurs when items are used, causing transfer of ownership from the supplier and making the items available for vouchering.

Inventory can be consumed at various points in the manufacturing process, initiating the transfer of ownership. Some examples include the following:

- Issue to a manufacturing order, such as a work order, repetitive order, flow schedule, or final assembly work order.
- Issue to a sales order.
- Backflush in a manufacturing process.

- Manually use in a consignment aging program.
- Transfer to a location that is defined as initiating an ownership transfer, either an inventory transfer or issue to a distribution order.

For inventory transfers (ISS-TR) and issues to distribution orders (ISS-DO), transfer of ownership depends on the value of the Transfer Ownership field associated with the receiving location. When this is Yes, usage transactions occur.

▶ See “Update Settings for Sites and Locations” on page 63.

Other types of issues always transfer ownership. These include ISS-SO, ISS-WO, ISS-FAS, ISS-UNP.

The value of Use Consigned First in Supplier Consignment Control determines how the system processes inventory when consigned and non-consigned items are located together.

▶ See “Use Consigned First” on page 58.

GL Effects of Usage

Issuing items with an ownership transfer updates the following consignment accounts:

- Debits the PO Consigned Inventory account defined in Purchasing Account Maintenance for the product line, site, and supplier type
- Credits the PO Consigned Offset account defined in Purchasing Account Maintenance for the product line, site, and supplier type

In addition, transactions are created for all of the accounts normally updated during a PO receipt.

Once a usage transaction (RCT-PO, CN-ISS) occurs, the quantity associated with the receiver is available to be vouchered. Vouchering of receipts for consigned items occurs in the same way as standard items. Reaveraging of costs takes place when consigned inventory is consumed.

Notifying Suppliers of Usage

You can use two methods to notify your suppliers that you have used consigned inventory:

- Generate a report to send to them.
- Use EDI Ecommerce to export usage data.

Generating a Usage Export Report

Use Consignment Usage Export Report (5.18.10) to notify your supplier about consigned items you have used. This is useful if you are not using EDI ECommerce transmissions to communicate usage records.

When run in update mode, the system marks selected records as having been reported. These records are not included the next time the report is run.

Use Consignment Usage Report to see all inventory that has been used regardless of whether it has been reported to the supplier.

Exporting EDI Files

▶ See *User Guide Volume 7: Release Management*.

Use Consignment Usage Export (35.4.2) to notify your trading partners, defined in EDI ECommerce, of inventory transactions (RCT-PO, CN-ISS) initiating a transfer of ownership.

Enter ranges of selection criteria for purchase order, item number, supplier, site, and transaction usage dates that apply to the records you want to export. When your supplier imports this information, they can then invoice you for the items used.

Using Supplier Consignment and Customer Consignment

If you have both consignment modules active, you can ship items received from a supplier on consignment to one of your customers to be kept on consignment at the customer facility. This type of consignment activity is called a pass through.

Example Your company manufactures printers and ships to large distributors. You receive ink cartridges from one of your suppliers on consignment. When you ship printers to your distributors, you send ink cartridge kits with them on consignment.

▶ See “Shipping Consigned Inventory” on page 27.

In this kind of business scenario, the vouchering of the items received from your supplier is delayed until your customer uses the items and you receive the usage information from them. To manage this delay, shipping the items does not create an ISS-SO transaction, but a CN-SHIP. When your customer uses the item, the CN-USE transaction triggers the RCT-PO and CN-ISS on the supplier consignment side.

Using Customer Consignment with Kanban

When you use Execute Kanban Transactions (17.22.19.1) to receive and transfer kanban-controlled items, three types of kanban transactions can occur: purchase receipt, item movement, and production receipt.

See User Guide
Volume 3:
Manufacturing.

Inventory balances are updated depending on the setting of Impact Inventory in Kanban Master Maintenance (17.22.1). When Impact Inventory is Yes for a kanban card and the items involved are consigned, additional consignment transactions also occur.

- Executing a purchase receipt transaction records a CN-RCT instead of the standard PO-RCT.
- Executing an item movement transaction creates PO-RCT, CN-ISS transactions if the receiving location is set up for ownership transfer.
- Executing a production receipt transaction creates PO-RCT, CN-ISS transactions as well as the WO-ISS transaction.

Making Inventory Adjustments

Consignment Inventory Adjustment

Use Consignment Inventory Adjustment (5.18.21) to manually modify consigned inventory information such as quantities and locations.

Consignment Inventory Adjustment

Item Number: 10-15001	Lot/Serial Control:	UM: EA
Description: NOMAD(TM) SOLAR POWER COOLING SYSTEM		
Quantity: 5.0	Site: 15000	
Unit of Measure: EA	Location: 200	
Conversion: 1.0000	Lot/Serial:	
	Reference:	
	Multi Entry: <input type="checkbox"/>	
Unit Cost: 141.16688	Total Qty: 5.0	
Order: PO1069	Total Cost:	
Line: 1	Receiver: RC1033	
Remarks:		
Project: PJ1234	Dr Acct:	
Effective Date: 08/29/2002	Cr Acct:	

Fig. 2.15
Consignment
Inventory
Adjustment
(5.18.21)

♦ See “Tracking Consigned Inventory During Inventory Counts” on page 77.

Purchase order and line number are required. The system validates that the items on the order line were consigned. A warning displays if there are no consigned items in the location specified.

You might use this program after doing a physical inventory to indicate that surplus items are consigned.

Adjustment generates records of type CN-ADJ to record consignment adjustment, which has the following GL effects:

For a positive quantity adjustment:

- Debits the PO Consigned Inventory account
- Credits the PO Consigned Offset account

For a negative quantity adjustment:

- Credits the PO Consigned Inventory account
- Debits the PO Consigned Offset account

Processing Returns, Rejects, and Corrections

Consigned inventory is returned to the supplier using standard MFG/PRO programs:

- Purchase Order Returns (5.13.7)
- Purchase Order Receipts (5.13.1)
- PO Shipper Receipt (5.13.20) with a negative line item quantity

No transfer of ownership occurs during inventory returns since the supplier already owns the material.

Managing Aged Inventory

In the Supplier Consignment Inventory module, you can track inventory by receipt date or by how long it has been in a consignment location. By assigning maximum aging days to the purchase order line, you can:

- Identify inventory on a particular purchase order receipt that exceeds the maximum aging date without being consumed.

- Extend the aging date by number of days or date on items received on individual or multiple purchase orders.
- Transfer ownership of the consigned inventory from a supplier to yourself.

When you have not consumed or returned consigned inventory by the maximum aging date, ownership can be transferred to you. The transfer of ownership does not occur automatically, however, allowing you and your supplier to negotiate a compromise.

Note The aging date is separate from the expiration date.

To determine the date that maximum aging occurs, the system uses the following calculation:

$$\text{receipt date} + \text{maximum aging days} = \text{maximum aging date}$$

- Receipt date is the date recorded in Purchase Order Receipts (5.13.1) or PO Shipper Receipt (5.13.20).
- Maximum aging days is taken from the consignment purchase order line data in Purchase Order Maintenance (5.7) or Scheduled Order Maintenance (5.5.1.13).

The calculated maximum aging date for each shipment is shown in various aging reports.

Identifying Aged Inventory

Use Aging Inventory Report by Order (5.18.15) to determine how long unused inventory has been consigned for ranges of PO or scheduled order numbers. You can make daily, weekly, or monthly determinations for six periods, such as six calendar weeks.

Fig. 2.16
Aging Inventory
Report by Order
(5.18.15)

Aging Inventory Report by Order

Start Date: 08/08/2002

Sold-To: 1000C To: 1000C

Ship-To: To:

Ship-From: To:

Item Number: To:

PO Number: To:

Sales Order: To:

Interval: Week

Intervals Per Column: 1

Details: ☐

Output: PAGE

Batch ID:

Use Aging Inventory Report by Part (5.18.16) to identify consigned inventory by item number.

Extending the Aging Date

Use Aging Inventory Update (5.18.13) to extend the allowed time of consignment by setting a new aging date or adding days to the existing date. You can extend the maximum aging date as many times as required. An extension automatically updates each purchase order receipt.

Enter selection criteria in the first frame. The system displays matching order lines in the Cross Reference Details frame. Select a record for update and modify it as required in the Max Age Date frame.

Fig. 2.17
Aging Inventory
Update (5.18.13),
Cross Reference
Details and Max
Age Date Frames

Aging Inventory Update

Cross Reference Details

ID	Item Number	Order	Line	Receiver	Age Date	New Date	Use
1	TT-500	PO1070	1	RC1086	10/19/2002		
2	TT-500C	PO1070	2	RC1086	12/03/2002		
3	TT-500L	PO1070	3	RC1086	09/19/2002		

Max Age Date

ID: 2 TT-500C PO1070 2 RC1086 12/03/2002

Quantity: 1,500.0 EA

Use: ☐

New Date: 02/01/2003

Days: 0

Values default from receipt data. You can update the following fields in the Max Age Date frame:

Use. Enter Yes to designate this inventory as used. Entering Yes generates transaction history records of type CN-ADJ to record the transfer of consigned inventory and RCT-PO to record receipt from the supplier.

▶ See “Using Supplier Consigned Inventory” on page 70.

New Date. Enter the new maximum age date you want to assign to this inventory, unless you enter the number of calendar days you want to add to the age date.

Days. If New Date is blank, enter the number of calendar days you want to add to the maximum age date. The system automatically calculates the new date.

Use Aging Inventory Batch Update (5.18.14) to revise aging dates for items received on multiple purchase orders. When you extend the aging date, the system automatically updates the age date on each PO receipt.

Tracking Consigned Inventory During Inventory Counts

During cycle count and physical inventory count processes, you must determine procedures for managing consigned inventory. Typically, you include supplier consigned inventory during a count because it is physically present at your site.

▶ See *User Guide Volume 6: Master Data* for cycle and physical count procedures.

Various cycle count and physical inventory programs let you manage supplier consigned inventory according to your needs. You can count:

- Only consigned inventory
- Only non-consigned inventory
- Both consigned and non-consigned inventory

For example, you can use consignment fields in Cycle Count Worksheet Print (3.13) to select inventory to count.

Fig. 2.18
Tracking
Consigned
Inventory Using
Cycle Count
Worksheet Print
(3.13)

Similarly, when you use Item Tag Create (3.16.1), you can choose to update tags for only consigned, only non-consigned, or both types of inventory.

Fig. 2.19
Tracking
Consigned
Inventory Using
Item Tag Create
(3.16.1)

When you exclude consigned inventory, any inventory adjustments affect non-consigned inventory only. If you choose to include consigned inventory or do a count of consigned inventory only, the system uses special transactions when adjusting inventory downward.

These transactions occur in Cycle Count Results Entry (3.14) and Inventory Balance Update (3.16.21).

When consigned and non-consigned supplier inventory are combined in a location, the system checks the value of Use Consigned First in Supplier Consignment Control to determine how to manage adjustments. Downward adjustments to supplier consigned inventory create the

standard CYC-CNT or TAG-CNT transaction, followed by RCT-PO and CN-ISS transactions to track the inventory changes and transfer ownership of material.

The various possibilities are shown in Table 2.3.

Option Entered	Results	Action	Transactions
Only consigned	Shortage	Shortage is reduction of consigned inventory.	CYC-CNT or TAG-CNT RCT-PO, CN-ISS
	Surplus	Surplus is non-consigned.	CYC-CNT or TAG-CNT
Include consigned and non-consigned	Shortage	Depends on value of Use Consigned First in Supplier Consignment Control	If Yes: CYC-CNT or TAG-CNT RCT-PO, CN-ISS If No: CYC-CNT or TAG-CNT
	Surplus	Surplus is non-consigned.	CYC-CNT or TAG-CNT
Exclude consigned	Shortage	Shortage is reduction of non-consigned.	CYC-CNT or TAG-CNT
	Surplus	Surplus is non-consigned.	CYC-CNT or TAG-CNT

Table 2.3
Balancing
Consigned
Inventory After
Cycle or Physical
Counts

Use Consignment Inventory Adjustment (5.18.21) to associate the surplus (non-consigned) inventory to a consignment order, if needed.

See “Using
Supplier
Consigned
Inventory” on
page 70.

Reporting Consignment Inventory Data

The system automatically collects consigned inventory data during transactions. The Supplier Consignment Inventory module provides several reports for collecting, locating, tracking, and reviewing consigned inventory. These reports are designed to clearly show data for consigned and consumed inventory.

A number of reports let you evaluate accounts and track inventory movement from its initial receipt to ownership transfer or consumption. Table 2.4 shows reporting tools available in Supplier Consignment Inventory and a brief explanation of the data that each provides.

Consigned inventory data is also shown in many standard MFG/PRO inventory reports and inquiries. For a list of these reports, see Table 1.5 on page 48 in the Customer Consignment Inventory chapter.

Table 2.4
Reports and
Inquiries in the
Supplier
Consignment
Inventory Module

Menu	Report	Function/Purpose
5.18.2	Supplier/Item Controls Browse	Displays data defined for consigned inventory items and suppliers.
5.18.6	Consignment Inventory Report	Displays consigned inventory items of a product line by selected criteria including site, location, lot/serial number, ABC class, grade, assay %, status, expiration date, and other details.
5.18.7	Consignment Inventory by Order	Displays selected consigned inventory receipts sorted by PO. Displays with or without quantities and is sorted by: (1) Site, customer, supplier, item, PO, (2) Item, site, supplier, PO, or (3) PO, item.
5.18.8	Consignment Usage Report	Displays detailed inventory usage by selected criteria including PO, item, supplier, site, and usage date. Is sorted by: (1) Site, supplier, item, PO, (2) Item, site, supplier, PO, or (3) PO, item.
5.18.9	Consignment Usage Summary Report	Displays inventory usage by selected criteria including PO, item, supplier, site, and date. Is sorted by: (1) Site, supplier, item, PO, (2) Item, site, supplier, PO, or (3) PO, item.
5.18.10	Consignment Usage Export Report	Displays inventory usage with the option to mark usage records as reported.
5.18.15	Aging Inventory Report by Order	Displays inventory quantities and aging dates by purchase order.
5.18.16	Aging Inventory by Part	Displays inventory quantities and aging dates by item number.

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